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HEALTH SERVICE BOARD

RATES & BENEFITS COMMITTEE

AGENDAS AND MINUTES

2000 – 2002

The available Agendas and Minutes are bound here, but many are missing.

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RATES & BENEFITS COMMITTEE MEETING OF THE HEALTH SERVICE BOARD

Monday, January 24, 2000
8:30 AM

City Hall, Room 416
#1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

AGENDA

DOCUMENTS DEPT.
JAN 24 2000
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CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

Commissioner Welch, Chair
President Heldfond
Vice President Zvanski
Commissioner Deignan
Commissioner Katz, Ex officio

01242000-01R&B **DISCUSSION ITEM: Report of Deputy Director of Human Resources, Health Services Division regarding the following matters:**

- Staff Recommendations for FY 2000/2001 Rates.
- Meeting schedule for Rates & Benefits.
- Ten County survey for FY 2000/2001 Rates.

Explanatory Documents Provided to Board for this item: None

Staff Recommendation:

Public Comments:

Action:

4 49383 SFPL: ECONO JRS
75 SFPL 06/06/03 76

01242000-02R&B **ACTION ITEM: Determine plan for obtaining information from prospective vendors for indemnity or similar health plans.**

Explanatory Documents Provided to Board for this item: None

Staff Recommendation:

Public Comments:

Action:

01242000-03R&B **ACTION ITEM: Presentation by each of the following concerning possible changes in rates and benefits for the HMO plans:**

- **Health Net**
- **Kaiser**
- **PacifiCare**
- **Towers Perrin**

Explanatory documents provided to Board for this item: Report by Towers Perrin to be provided at the meeting.

Staff Recommendation:

Public Comments:

Action:

01242000-04R&B **ACTION ITEM: Approve and provide recommendations to full Board concerning changes in rates and benefits for HMO plans.**

Explanatory Documents Provided to Board for this item: None

Staff Recommendation:

Public Comments:

Action:

ADJOURNMENT:

SF
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#16
1/24/00
draft

RATES & BENEFITS COMMITTEE MEETING OF THE HEALTH SERVICE BOARD

Monday, January 24, 2000
8:30 AM

DRAFT

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

M I N U T E S

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CALL TO ORDER 8:30 AM

PLEDGE OF ALLEGIANCE

ROLL CALL

Commissioner Welch, Chair
President Heldfond - Excused
Vice President Zvanski - Present
Commissioner Deignan - Present
Commissioner Katz - Absent
Commissioner Paretchan – Present

01242000-01R&B **DISCUSSION ITEM: Report of Deputy Director of Human Resources, Health Services Division regarding the Rates & Benefits meeting schedule and the 10 County Survey.**

Explanatory Documents Provided to Board for this item: None.

Public Comments: None.

01242000-02R&B **ACTION ITEM: Plan for obtaining information from prospective vendors for indemnity or similar health plans.**

Explanatory Documents Provided to Board for this item:

Ms. Sommercamp discussed the format for the HMO presentations and the Towers Perrin presentation report.

Staff Recommendation:

Public Comments: None.

Action: None.

01242000-03R&B **ACTION ITEM: Presentation by each of the following concerning possible changes in rates and benefits for the HMO plans:**

- **Health Net**
- **Kaiser**
- **PacifiCare**
- **Towers Perrin**

Explanatory documents provided to Board for this item: Exhibits '1-8' referenced below.

Exhibit '1' - City and County of San Francisco, Renewal Summary: Policy Period 7/1/2000 – 6/30/2001 From Health Net dated 01/21/2000

Exhibit '2' - Health Net Overview for City and County of San Francisco.

1. Health Net Presentation

   Health Net presentation made by Joanne Haggerty, Senior Account Manager and David Anderson, Regional Vice President.

2. Kaiser Presentation

   Dee Shaw, Kaiser Vice President of National Accounts was not available but Jane Fronk, Account Representative, presented the Kaiser proposal.

Exhibit '3' - Kaiser Permanente Executive Summary: 2000-2001 Rates and Benefits for the Health Service System of the City and County of San Francisco, January 24, 2000.

3. PacifiCare Presentation

Anita Wasserburger, Rick Sadley, and Heidi Rubay jointly presented the PacifiCare proposal. Ms. Wasserburger noted that the July 1, 1999 PacifiCare enrollment was just over 6,000 City and County of San Francisco members.

Exhibit '4' – PacifiCare Health Systems January 24, 2000 letter to Ann Sommercamp: Subject: PacifiCare's Renewal Effective July 1, 2000 to June 30, 2001 City and County of San Francisco.

4. Towers Perrin Review of Proposals

Michael Kramer and Roland Mittica presented a review of the HMO proposals and their impact.

Commissioners Welch and Deignan requested that Towers Perrin prepare full and complete data with options be developed and provided before the next Rates and Benefits Committee meeting.

Exhibit '5' - Towers Perrin HMO Renewal Actions
Exhibit '6' - Towers Perrin HMO Rate Analyses
Exhibit '7' - City & County of San Francisco Illustration of Impact of Change in Rate Relationship
Exhibit '8' - Benchmarking 2000 HMO Rates and Renewal Actions.

Note: A five- minute recess was taken at about 10:55 and the Committee re-convened.

Staff Recommendation: None.

Public Comments: Diane Hermann, Retiree Association, requested Towers Perrin to clarify their presentation by using charts, requested the number of active employees not eligible for the $225 monthly health pick-up and requested the Board to consider the cap on out-of-pocket expenses.

Action: None.

01242000-04R&B **ACTION ITEM: Approve and provide recommendations to full Board concerning changes in rates and benefits for HMO plans.**

Explanatory documents provided to Board for this item: None.

Recommendations to the full Board will be made during the last Rate & Benefits Committee meeting.

Public Comments:

Action: None.

ADJOURNMENT: 12:09 PM

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2/14/00

RATES & BENEFITS COMMITTEE MEETING OF THE HEALTH SERVICE BOARD

Monday, February 14, 2000
8:00 AM

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

AGENDA

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CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

Commissioner Welch, Chair
President Heldfond
Vice President Zvanski
Commissioner Deignan
Commissioner Katz, *Ex-officio*

02142000-01R&B **DISCUSSION ITEM: Presentation by Towers Perrin of rates and benefits options for City Plan 1 for the 2000-2001 Plan Year.**

Explanatory Documents Provided to Board for this item: Towers Perrin materials to be distributed at the meeting.

Public Comments:

Action:

02142000-02R&B **ACTION ITEM: Possible recommendations to full Health Service Board of rates and benefits for City Plan 1 for the 2000-2001 Plan Year.**

Explanatory documents provided to Board for this item: None.

Public Comments:

Action:

02142000-03R&B **DISCUSSION ITEM: Opportunity to place items on future agendas.**

02142000-04R&B **DISCUSSION ITEM: Opportunity for the public to comment on any matters within the Board's jurisdiction.**

Public Comments.

ADJOURNMENT

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#6
2/14/00
draft

RATES & BENEFITS COMMITTEE MEETING OF THE HEALTH SERVICE BOARD

Monday, February 14, 2000
8:00 AM

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

DRAFT

MINUTES

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CALL TO ORDER **8:12AM**

PLEDGE OF ALLEGIANCE

ROLL CALL

Commissioner Welch, Chair - Present
President Heldfond - Excused
Vice President Zvanski - Present
Commissioner Deignan - Present

02142000-01R&B **DISCUSSION ITEM: Presentation by Towers Perrin of rates and benefits options for City Plan 1 for the 2000-2001 Plan Year.**

Explanatory Documents Provided to Board for this item:

- *Plan I Issues.*
- *Glossary.*

Commissioner Welch opened the meeting by stating the City Health Plan was the focus of the meeting and Towers Perrin would initially present their findings to the Plan followed by public commentary.

1. Mr. Mittica, Towers Perrin, noted two primary issues: drug costs increasing at a 25% trend and medical treatment at a 10-16% increase. His presentation was drawn largely from Exhibits '1' Plan 1 issues and Exhibit '2' Glossary of Terms.

Public Comments:

1. Commissioner Paretchan addressed the non-Medicare approved services that HSS typically pays for but, within the past years, HSS has denied payment. Since the City Plan lost 12,000 members last year, he stressed the need to attract member's return to the plan.

2. Tony Sacco, Retiree, inquired about medical coverage for members traveling abroad.

3. Denis Kruger, Firefighter, addressed the HMO and City Plan benefits.

The meeting recessed at 10:01 and reconvened at 10:20

Public Comment: (continued)

4. John Lehane, Retiree, warned that if Plan 1 rates continue to increase, plan membership will continue to dissolve.

5. Tony Sacco, Retiree, underscored Mr. Lehane's comments.

6. Pauline Birtwistle, Retired Public Health Nurse, questioned the HSS commitment to maintain Plan 1 and attract some loss members back to the plan using incentives.

7. Jean Thomas, Retiree, supported the view of the previous commentors and requested the number of non-medicare members over 85 years of age and urged the System to do something for them.

8. Commissioner Paretchan inquired about the out-of-area issue and the need to clarify this item.

Mike Kramer, Towers Perrin Actuary, discussed various rating alternatives using Exhibit '3' Rating alternatives for Plan 1 as of July 1, 2000 and Exhibit '4' Rate Impact of Plan Changes.

Action: The Committee requested Towers Perrin to perform additional analysis.

02142000-02R&B **ACTION ITEM: Possible recommendations to full Health Service Board of rates and benefits for City Plan 1 for the 2000-2001 Plan Year.**

Explanatory documents provided to Board for this item: None.

Recommendations to the full Board will be developed at the last Rates & Benefits Committee meeting.

Public Comments: None.

Action: None.

02142000-03R&B **DISCUSSION ITEM: Opportunity to place items on future agendas. None.**

02142000-04R&B **DISCUSSION ITEM: Opportunity for the public to comment on any matters within the Board's jurisdiction.**

Public Comments. None.

ADJOURNMENT: 11:40 AM

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2/28/00

MEETING OF THE RATES & BENEFITS COMMITTEE OF THE HEALTH SERVICE BOARD

Monday, February 28, 2000
8:30 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

AGENDA

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CALL TO ORDER

ROLL CALL

Commissioner Welch, Chair
President Heldfond, *ex officio*
Vice President Zvanski
Commissioner Deignan

02282000-01R&B **ACTION ITEM: Approval (with possible modifications) of the minutes of the following meetings:**

- **January 24, 2000.**
- **February 14, 2000.**

Explanatory Documents provided to Committee for this item: Draft versions of minutes for each meeting.

Staff Recommendation: Approve draft minutes.

Public Comments:

Action:

02282000-02R&B **DISCUSSION ITEM: Consider and review rates & benefits for dental, vision and chemical dependency plans for fiscal year 2000-2001.**

Explanatory documents provided to Board for this item: None provided prior to the meeting. Towers Perrin to provide report at meeting.

02282000-03R&B **DISCUSSION ITEM: Consider and review rates & benefits for City Plan 1 for fiscal year 2000-2001, including any necessary consideration and review of the PPO, utilization management and pharmacy components of the Plan.**

Explanatory Documents Provided to Board for this item: None provided prior to the meeting. Towers Perrin to provide report at meeting.

02282000-04R&B **DISCUSSION ITEM: Consider and review rates & benefits for HMOs for fiscal year 2000-2001.**

Explanatory documents provided to Board for this item None provided prior to the meeting. Towers Perrin to provide report at meeting.

02282000-05R&B **DISCUSSION ITEM: Consider and review any other outstanding issues affecting rates and benefits for fiscal year 2000-2001.**

Explanatory documents provided to Board for this item None.

02282000-06R&B **ACTION ITEM: Develop and provide recommendations to full Board concerning rates and benefits for fiscal year 2000-2001 regarding each of the discussion items set forth in items 02282000-02R&B through 02282000-05R&B above.**

Explanatory documents provided to Board for this item: None.

Staff Recommendation: To be discussed at the meeting.

Public Comments:

Action:

02282000-07R&B **DISCUSSION ITEM: Opportunity to place items on future agendas.**

02282000-08R&B **DISCUSSION ITEM: Opportunity for the public to comment on any matters within the Board's jurisdiction.**

Public Comments:

ADJOURNMENT:

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MEETING OF THE RATES & BENEFITS COMMITTEE OF THE HEALTH SERVICE BOARD

Tuesday, March 21, 2000
11:00 AM

City Hall, Room 408
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

AGENDA

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CALL TO ORDER

ROLL CALL

Commissioner Welch, Chair
President Heldfond, *ex officio*
Vice President Zvanski
Commissioner Deignan

03212000-01R&B **ACTION ITEM: Approval (with possible modifications) of the minutes of February 28, 2000.**

Explanatory documents provided to Committee for this item: Draft version of minutes.

Staff Recommendation: Approve draft minutes.

Public Comments:

Action:

03212000-02R&B **ACTION ITEM: Review and comment on Summary Plan Document describing benefits and coverage for City Plan 1 for fiscal year 2000-2001.**

Explanatory Documents Provided to Committee for this item: Towers Perrin to directly distribute draft Summary Plan Document prior to the meeting. Members of the public may obtain copies of the draft either at the meeting or before the meeting by calling Mila Palarca at 415-554-2479. Please leave a fax number if possible.

Staff Recommendation: Provide all comments so that Summary Plan Document can be finalized and go to printing right after the meeting. Meeting this deadline is critical in order for the Summary Plan Document to be printed and available for this year's Open Enrollment.

Public Comments:

Action:

03212000-03R&B **ACTION ITEM: Discuss and adopt recommendations to the full Board regarding any remaining rates and benefits issues for fiscal year 2000-2001.**

Explanatory Documents Provided to Committee for this item: None.

Staff Recommendation: None.

Public Comments:

Action:

03212000-04R&B **DISCUSSION ITEM: Opportunity to place items on future agendas.**

03212000-05R&B **DISCUSSION ITEM: Opportunity for the public to comment on any matters within the Committee's jurisdiction.**

Public Comments:

ADJOURNMENT:

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3/21/00

CITY & COUNTY OF SAN FRANCISCO

MINUTES OF THE RATES & BENEFITS COMMITTEE OF THE HEALTH SERVICE BOARD

Tuesday, March 21, 2000
11:00 AM

City Hall, Room 408
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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CALL TO ORDER

ROLL CALL

Commissioner Welch, Chair Present
President Heldfond, *ex officio* - Present
Vice President Zvanski - Present
Commissioner Deignan - Present

03212000-01R&B **ACTION ITEM: Approval (with possible modifications) of the minutes of February 28, 2000.**

Explanatory documents provided to Committee for this item: Draft version of minutes.

Staff Recommendation: Approve draft minutes of February 28, 2000

Public Comments: None

Action: Moved and seconded by the Committee to accept the draft of the minutes of the Rates and Benefits Committee meeting. Motion was approved and passed 4-0.

03212000-02R&B **ACTION ITEM: Review and comment on Summary Plan Document describing benefits and coverage for City Plan 1 for fiscal year 2000-2001.**

Explanatory Documents Provided to Committee for this item: Towers Perrin to directly distribute draft Summary Plan Document prior to the meeting. Members of the public may obtain copies of the draft either at the meeting or before the meeting by calling Mila Palarca at 415-554-2479. Please leave a fax number if possible.

Staff Recommendation: Provide all comments so that Summary Plan Document can be finalized and go to printing right after the meeting. Meeting this deadline is critical in order for the Summary Plan Document to be printed and available for this year's Open Enrollment.

Mr. Bart Duncan presented the Summary Plan Document to the Committee and the public for review and comments. The last Document was published and effective July 1, 1998 and since that time, there has not been anything published showing the significant changes in the plan. Mr. Duncan reported that in order for the Summary to be available for Open Enrollment, it must be approved by the Committee today so that it can be presented to the publishers tomorrow.

Commissioner Heldfond announced he received comments & questions from the public, but they were received too late for response. He stated that these questions will be presented to Mr. Duncan and Ms. Erfe to clarify. Mr. Duncan reported that Diane Hermann gave a lot of helpful comments and suggestions.

One question from Diane Hermann concerned coverage for an injury incurred while driving under the influence. The Committee agreed that the term "illegal act" should be clarified next time the document is published.

Commissioner Heldfond's next question was if you take legal action over an illness or injury covered by the City Health Plan, when must notification be given if you plan to bring a lawsuit against HSS and is there a time requirement. Mr. Duncan's recommendation is that it is when an action is at the time of filing. Ms. Hermann also pointed out a lack of clarity as to when notification of a legal action against HSS must be given.

Edna Erfe answered questions regarding fee schedules and usual and customary rates.

Ms. Herman asked when is the best time to call HSS for information. Mr. Duncan said that information regarding calls would be available after the ACD Board is installed. The Committee decided not to provide any statement regarding best time to call in the Summary Plan Document.

The Committee clarified the coverage of abortions, voluntary sterilization and contraceptives.

There will be one ID card for membership and pharmacy that is distributed by Express Scripts.

Commissioner Heldfond stated that it is important to stick with standard industry wording in the Summary Document Plan. Edna Erfe said that currently a patient has to call Beech Street for authorization for case management.

Staff Recommendation: The Committee agreed that the Summary Document Plan is a big improvement. Mr. Duncan credited Edna Erfe and Towers Perrin for their hard work.

Public Comments: Diane Hermann had a question regarding the deductible.

Action: Committee moved to accept the Summary Document Plan. Motion was moved and seconded. Passed by 4-0.

03212000-03R&B **ACTION ITEM: Discuss and adopt recommendations to the full Board regarding any remaining rates and benefits issues for fiscal year 2000-2001.**

Explanatory Documents Provided to Committee for this item: None.

Staff Recommendation: None

Public Comments: None

Action: None

03212000-04R&B **DISCUSSION ITEM: Opportunity to place items on future agendas. None**

03212000-05R&B **DISCUSSION ITEM: Opportunity for the public to comment on any matters within the Committee's jurisdiction.**

Public Comments: None

ADJOURNMENT: 12:52 PM

HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

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5/31/00

NOTICE AND AGENDA

Wednesday, May 31, 2000
10:30 AM

City Hall, Room 400
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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❑ **Call to Order**		
❑ **Roll Call**	Commissioner Welch, Chair President Heldfond, *(ex officio)* Vice President Zvanski Commissioner Deignan	
❑ **05312000-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following Rates and Benefits Committee meeting:** • **March 21, 2000** *Documents provided to Committee prior to meeting: Draft version of minutes* Staff Recommendation: Approve draft minutes **Public Comments:** Action:
❑ **05312000-02**	**Discussion Item**	**Discussion of issues and concerns to be addressed in connection with the selection of HMO vendors for fiscal year 2001-2002.** *Documents Provided to Committee prior to meeting: None.* Public Comments:

❑	05312000-03	Discussion Item	**Discussion of possible modifications to rate structure and relationships for fiscal year 2001-2002** *Documents provided to Committee prior to meeting: None* Public Comments:
❑	05312000-04	Discussion Item	**Opportunity to place items on future agendas**
❑	05312000-05	Discussion Item	**Opportunity for the public to comment on any matters within the Committee's jurisdiction** Public Comments:

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

- Speakers are urged to fill out a speaker card in advance, but may remain anonymous if so desired.
- A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item.
- A member may comment on any matter within the Committee's jurisdiction at the designated time at the end of the meeting.

The complete rules are set forth in Section A(6) of the Health Service System Rules and Regulations. A copy of these Rules and Regulations is available at any time upon request. Call Arnetta Brown at 554-1727.

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5/31/00

CITY AND COUNTY OF SAN FRANCISCO
HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE
MINUTES

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JUL 27 2000
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Wednesday, May 31, 2000

ROLL CALL
Commissioner Welch, Chair
President Heldfond, Ex Officio - Excused
Vice President Zvanski
Commissioner Deignan

PLEDGE OF ALLEGIANCE

Call to Order
10:45 AM

053120-01 **Action Item**

Approval (with possible modifications) of the minutes of the following Rates and Benefits Committee meeting:

- March 21, 2000

Staff Recommendation: Approve draft minutes

Public Comments: None

Action: Motion was moved and seconded by the Committee to approve the draft minutes of the March 21, 2000 Rates & Benefits meeting. Motion passed 3-0.

0531200-02 **Discussion Item**

Discussion of issues and concerns to be addressed in connection with the selection of HMO vendors for fiscal year 2001-2002.

Roland Mittica presented to the Committee a report regarding the HMO July 2001 renewals. This report is attached as **Schedule #1.** Mr. Mittica reported that the HMO increase is not known at this time, but is expected to be approximately 10%. PacifiCare and Health Net increases of 7/1/2000 were capped to comply with prior guarantees. The increases from July 2000 to July 2001 reflects cost increases as well as additional shortfall of PacifiCare -10% and Health Net -2%.

Roland Mittica recommended the HMO bid to consider adding no more than one additional HMO to the current offering. He stated that it would be prudent to begin bidding now, and require only a renewal from incumbent HMOs. Commissioner Welch asked if it is consistent to the Committee's requirements to do a formal RFP for new HMOs only and just have the incumbents turn in renewal rates and an alternate plan design. Deputy City Attorney Saroyan commented that she would be uncomfortable with getting a partial response to the RFP that may not be in full compliance with all the necessary documents. Commissioner Zvanski recommended to the Committee & Towers Perrin the importance of updating existing records & files for documentation on HMO's during the time they submit their renewal and the Committee's study of the rates and plan design.

Mike Kramer reported to the Committee results of a survey conducted with various health plans and their response to adding another HMO to the City Plan. United Health Care was the only plan that didn't like the idea. Commissioner Welch asked who are the HMOs that were in favor of adding additional HMO. Mr. Kramer reported that Aetna, Blue Cross, Blue Shield, and Cigna were the plans that agreed to having an additional HMO added to the City Plan. Mr. Kramer asked the Committee if an HMO doesn't provide for domestic partners within their own organization would their proposal be disqualified. Bart Duncan replied that the last RFP process strongly encourages compliance with 12(B)-the Domestic Partners Equal Benefits Ordinance.

Commissioner Welch recommended the importance of clarifying the Committee's requirements for submitting renewals & documentation updates.

Bart Duncan recommended that the Committee should include the existing vendors in the RFP process solicitations.

Mr. Mittica announced that the results of the 10-county survey for fiscal year 2001-2002 will not be known until January 2001.

Other possible HMO plan changes discussed are: the current gap dollars; plan changes that can increase or decrease cost of coverage; acupuncture benefit; chemical dependency provided by HMOs; vision provided by HMO not VSP; and possibility of allowing plans to compete on benefits offered that meet contributions required by the City according to the 10-county rule. Commissioner Zvanski commented that regarding the effects of current gap dollars and their monthly rates, that with exception of HMO's that have a contract that picks up the employee only, it is not a "may" but a "will' because the dependents will be picked up. The HMOs know far in advance about where the 10-county Survey will fall because they serve most of the counties. Ms. Zvanski also noted that the Committee does not know or have access to this information. Mr. Mittica presented to the Committee the City of San Francisco HMO Plan Design Template; attached as **Schedule 2**. He stated that employers preferred HMOs compete solely on price with the benefits being identical. The plans would be consistent with co-payments that they offer in regards to physical and mental health benefits. Commissioner Welch asked the HMO's would they and do they consider the 10 county survey amount when they are planning designs and presenting their rates.

Joanne Haggerty of Health Net, Tammy Rutherford of PacifiCare, and Jane Fronk of Kaiser, said that they do not look at the 10 county survey amount to determine their rates.

Commissioner Zvanski asked if the Committee should annually or periodically updates the demographic information since the process does have an effect on rates. Mr. Mittica replied that every year the HMOs look at the demographics as part of the renewal process and membership enrollment is updated automatically. Commissioner Welch asked could the Committee anticipate the behavior of the people to change because of the new RFP. Mr. Mittica stated that the first thing that the people will compare their HMOs and generally go for the cheaper plan. He further stated that the statistics show that this was not because of different contributions on family coverage. Commissioner Zvanski replied that members tell her they choose plans based on the delivery system of the panel and accessibility.

Joanne Haggerty of Health Net, responded about the differences

in the various plans, specifically between PacifiCare and Health Net.

Commissioner Paretchan commented that he agrees with the Committee going for the RFP.

Commissioner Zvanski asked Towers Perrin what would be the effects of having City Plan I, Kaiser, and just 1 HMO. Mr. Mittica replied that it would be safer to offer 2 HMOs because of flexibility it would give the City Plan if one of the HMOs went bad.

Commissioner Welch concurred with the staff recommendation to consider both the RFP and its new research approach.

Public Comments: None

0531200-03 Discussion Item

Discussion of possible modifications to rate structure and relationships for fiscal year 2001-2002.

Mike Kramer of Towers Perrin presented the City & County of San Francisco Illustration of 4-Tier Rating Sheet, attached as **Schedule 3.** This chart gives the full rate for employees (including vision, chemical, expenses), employee contribution (net of 10 county amount), and the employee contribution (with $25 dependent pickup) for 3 HMOs: Kaiser, Health Net and PacifiCare.

Current year rates were used in the 3-tier and alternate 4-tier rate examples. Mr. Kramer said that most clients go from a 3-tier to 4- tier approach because of some advantages, which include offering employees flexibility and positive impacts on the cost. The 4-Tier Rate Sheet illustrated the effects of the current 3-tier with the alternate 4-tier plan to full rates. The 4-tier plan includes vision, chemical dependency expenses, employee contribution with the net of 10-county amount, and the employee contribution with the $225 dependent pickup for the current 3 tier plan and the alternate 4 tier. Commissioner Welch stated that the 4-tier rate is not favorable to employees and their spouse or families. Mr. Kramer responded the 4-tier rates encourage spouses to use their own insurance, which would save the City money and give families relief in their rates.

Commissioner Zvanski was concerned about the retirees who are not covered under Medicare and how they would be negatively impacted under the 4-tier alternate rate plan.

Public Comments: None

0531200-04	**Discussion Item**	**Opportunity to place items on future agendas.** Next Rates & Benefit meeting is tentatively scheduled for 10:30 AM on Wednesday, July 19, 2000. The agenda will include Plan 1 component parts of the pharmacy plan and the dental benefit. Bart Duncan suggested inviting a representative of Brown & Toland to the next full Board meeting in July.
0531200-05	**Discussion Item**	**Opportunity for the public to comment on any matters within the Committee's jurisdiction or interest.** **Public Comments:** Joanne Haggerty of Health Net reported that she is not aware of any problems to report with Brown & Toland.

Adjourn 12:15 PM

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

- Speakers are urged to fill out a speaker card in advance, but may remain anonymous if so desired.
- A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item.
- A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting.

The complete rules are set forth in Section A(6) of the Health Service System Rules and Regulations. A copy of these Rules and Regulations is available at any time upon request. If you have any questions, please call Arnetta E. Brown, Commission Secretary, at 554-1727, for assistance.

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7/19/00

HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

DOCUMENTS DEPT.
JUL 19 2000
SAN FRANCISCO
PUBLIC LIBRARY

Wednesday, July 19, 2000
10:30 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑ **Call to Order**		
❑ **Roll Call**	Commissioner Welch, Chair Commissioner Deignan Commissioner Zvanski President Heldfond *(ex officio)*	
❑ **07192000-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • **Meeting of May 31, 2000** *Documents provided to Committee prior to meeting: Draft version of minutes* Staff Recommendation: Approve draft minutes Public Comments: Action:
❑ **07192000-02**	**Discussion Item**	**Discussion of issues and concerns regarding the City Health Plan (Plan 1) for fiscal year 2001-2002.** *Documents Provided to Committee prior to meeting: None.* Public Comments:

❑ 07192000-03	Discussion Item	**Discussion of issues and concerns regarding vision benefits for fiscal year 2001-2002.** *Documents Provided to Committee prior to meeting: None.* Public Comments:
❑ 07192000-04	Discussion Item	**Discussion of issues and concerns regarding chemical dependency benefits for fiscal year 2001-2002.** *Documents Provided to Committee prior to meeting: None.* Public Comments:
❑ 07192000-05	Discussion Item	**Discussion of issues and concerns regarding dental benefits for fiscal year 2001-2002.** *Documents Provided to Committee prior to meeting: None.* Public Comments:
❑ 07192000-06	Discussion Item	**Opportunity to place items on future agendas**
❑ 07192000-07	Discussion Item	**Opportunity for the public to comment on any matters within the Committee's jurisdiction** Public Comments:

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

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The complete rules are set forth in Section A(6) of the Health Service System Rules and Regulations. A copy of these Rules and Regulations is available at any time upon request. Call Arnetta Brown at 554-1727.

SF
H25
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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE
MINUTES

Wednesday, July 19, 2000

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Commissioner Welch, Chair
Commissioner Deignan
Vice President Zvanski
President Heldfond (ex officio)

Call to Order 10 AM

0719200-01 Action Item

Approval (with possible modifications) of the minutes of the following Rates and Benefits Committee meeting:

- **May 31, 2000**

Staff Recommendation: Approve draft minutes with amendments presented by Board.

Public Comments: None

Action: Motion was moved and seconded to approve the minutes as amended. Motion passed 3-0.

07192000-02 Discussion Item

Discussion of issues and concerns regarding the City Health Plan (Plan 1) for fiscal year 2001-2002.

Chair Welch stated that the main purpose of this meeting is to look at the various components of the benefit package offered in City Plan 1 (i.e. vision, prescriptions, dental, and a variety of other benefits). Discussions will revolve around questions on plan designs, ratings, and areas that people see that are not covered and items that the Committee would like to include. Mike Kramer of Towers Perrin, distributed to the Committee the City and County of San Francisco Preliminary Plan 1 Rating for 2001-02. Mr. Kramer apologized for the incorrect data and a revised sheet was submitted, dated July 19, 2000. This document is attached as **Schedule #1**. A 5% margin is included in the rate for this year because it will build reserves to a greater level at the end of the year than the beginning and against unforeseen claim fluctuations. This protects the Trust fund from a catastrophic loss. All of the rate actions on Page 1 of this

report reflect a 5% margin and sufficient reserves for next year exist without it. Mike Kramer reported to the Committee that in Plan 1 there are about 1000 retirees without Medicare and 500 of them are enrolled for 2 party coverage at least. There are about 4700 Medicare retirees and about 1000 of them have a dependant with Medicare. Mr. Kramer further discussed the effects of realignment of rates on particular member groups. Mr. Duncan reported that the rate setting process beginning at the end of this calendar year and will be finished in January, in time for February 1st. Chair Welch stated that the realignment and the 4-Tier discussion should be presented to the Full Board for more direction by September before the rating is done.

Plan 1 Design

Commissioner Zvanski questioned how durable medical equipment (DME) benefits are handled under Plan 1 and the HMOs. Edna Erfe confirmed that there is no preferred provider for DME under Plan 1. Ms. Erfe stated that for members of Plan 1, Beech Street negotiates a discounted DME rate with a particular vendor on a case by case basis and then the Plan treats the claim as a PPO claim. Any durable medical equipment over $500 has to be pre-authorized by Beech Street. Roland Mitticia stated that he has not checked with the HMOs to determine the limit of coverage for durable medical equipment from Kaiser, PacifiCare, and Health Net. Generally, a standard of $1000 limit is offered in most HMO plans. Joanne Haggerty of Health Net stated that they offer 100% DME and that includes prosthetics and there is no maximum amount. Kaiser and PacifiCare stated that they also offer 100% DME coverage if medically necessary. Chair Welch noted that she believed prosthetics should not be categorically excluded but rather subject to the medical necessity test.

Mental Health

Chair Welch questioned whether Plan 1 complies with mental health parity laws. Roland Mitticia explained that the Plan is compliant.

Alternative Medicines

Acupuncture coverage is limited and is covered only for chronic and acute pain. Chair Welch asked who determines what constitutes chronic and acute pain. Edna Erfe stated that the Claims adjusters review the claims documentation and make the determination as to whether the documentation involves

chronic and acute pain.

Prescription Drugs
Mr. Duncan stated that Express Scripts and their pharmacy expert will attend the next scheduled Rates and Benefits meeting and provide a report to the Committee. Chair Welch asked for clarification regarding contraceptive coverage. Ms. Erfe explained coverage under Plan 1. The HMO representatives indicated they would need to report back. Chair Welch noted that infertility and impotence coverage should be handled in a non-discriminatory matter. She commended smoking cessation program for Members.

Commissioner Deignan expressed interest in enhancing access to the PPO. Bart Duncan stated that we do have access to Beech Street's network nationwide and that we need to improve our communications on this issue. In addition, plan structure could be adjusted to increase the incentive for using the PPO network outside of the 9 Bay Area Counties. Commissioner Zvanski stated that there should be a better way to inform retirees nationally of benefits and discounts. She suggested that a list of providers in their area should be available to them, particularly Members in the Hetch Hetchy area and the issue should be turned over to the Customer Service Task Force for assistance. Bart Duncan stated that HSS has been working with Beech Street to get as many people and institutions as possible signed up to the PPO network in the Hetch Hetchy area.

Public Comments: Diane Hermann of the Retirees Association requested that any realignment of retiree rates be deferred to the following year rather than 2001-02 because of the Charter Amendment pending before the Board of Supervisors.

07192000-03 Discussion Item

Discussion of issues and concerns regarding vision benefits for fiscal year 2001-2002.
Commissioner Zvanski requested clarification on the Value Plan and stated her sense that there are fewer optometrists participating in the Value Plan. Janet Findlay of VSP stated that when the Committee voted to move to the Value Plan, VSP knew that out of 1400 claims there would be a disruption of 6% or 500 people who would need to find new doctors. The match up of the Value Plan and the old plan was 94% and has now increased to 96% match up. Ms. Findlay reported that VSP looks forward to doing doctor recruitments in Hetch Hetchy and

other outlying areas. Ms. Findlay also reported on the cost savings realized by HSS after moving to the Value Plan.

Public Comments: Diane Hermann of the Retiree Association had questions regarding designer frame coverage.

07192000-04	Discussion Item	**Discussion of issues and concerns regarding chemical dependency for fiscal year 2001-2002.** Chair Welch commented that the current rehab coverage time period of 30 days is not realistic. Sharon Fusco of UBH suggested integration of the rehabilitation, detoxification, and mental heath benefits. Chair Welch requested a matrix showing what city departments are currently involved in providing chemical dependency and mental health benefits using UBH. **Public Comments:** Pam Morton of PacifiCare and Joanne Haggerty described the extent of these types of benefits under their respective HMO plans.
07192000-05	Discussion Item	**Discussion of issues and concerns regarding dental benefits for fiscal year 2001-2002.** Roland Mitticia stated that he isn't aware of any urgency for changes in the dental benefits. He hopes to receive the June experience update by the next Committee meeting in September or October. **Public Comments:** Harry Paretchan, suggested a cap on prescriptions outlays by members of Plan 1, better ways of informing people living out of state on how to best utilize their benefits, and reducing co-payments.
07192000-06	Discussion Item	**Opportunity to place items on future agendas.** None.
07192000-07	Discussion Item	**Opportunity for the public to comment on any matters within the Committee's jurisdiction or interest.** Bart Duncan stated that a preliminary 10-County Survey would be conducted later this fall. **Public Comments:** Diane Hermann asked about the date of the next Rates and Benefits meeting and was informed that it will be on Wednesday, 9/26/00, 10 AM to 1 PM, Room 416.

Adjourn 1:15 PM

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9/26/00

HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

Tuesday, September 26, 2000
10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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❑ **Call to Order**		
❑ **Roll Call**	Commissioner Welch, Chair Commissioner Deignan Commissioner Zvanski President Heldfond *(ex officio)*	
❑ **09262000-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • **Meeting of July 19, 2000** *Documents provided to Committee prior to meeting: Draft version of minutes* Staff Recommendation: Approve draft minutes Public Comments: Action:
❑ **09262000-02**	**Discussion Item**	**Discussion and possible recommendations to the full Board regarding the design of the City Health Plan (Plan 1) (other than the prescription drug benefit) for fiscal year 2001-2002, including (without limitation) the following features:** • **Durable medical equipment (DME) benefit** • **Preferred provider(s) for DME** • **Alternative medicine benefit, including chiropractic and acupuncture benefits** • **Incentives to use preferred provider (PPO) network outside of the 9 Bay Area Counties**

		• **Decreasing caps on annual out-of-pocket expenditures both in and out of PPO network** • **Increasing coverage for preventive care** • **Scope of infertility benefits** *Documents Provided to Committee prior to meeting: None.* Staff Recommendation: Public Comments: Action:
❑ 09262000-03	**Discussion Item**	**Presentation by Express Scripts (Plan 1 Pharmacy Vendor) regarding Plan 1 utilization and trends including (without limitation) the following issues:** • **Generic substitution policy** • **Impotence drugs** • **Immunizations** • **Birth control drugs and devices, including (without limitation) RU486** • **Injectibles** • **Pharmacy copayments** *Documents Provided to Committee prior to meeting: None.* Public Comments:
❑ 09262000-04	**Action Item**	**Discussion and possible recommendations to the full Board regarding the Prescription Drug benefit under Plan 1 for fiscal year 2001-2002.** *Documents Provided to Committee prior to meeting: None.* Staff Recommendation: Public Comments: Action:

❑ 09262000-05	Action Item	**Discussion and possible recommendations to the full Board regarding vision benefits for fiscal year 2001-2002, including (without limitation) the following issues:** • **Frequency of eye exam** • **Annual frame allowance** *Documents Provided to Committee prior to meeting: None.* Staff Recommendation: Public Comments: Action:
❑ 09262000-06	Action Item	**Discussion and possible recommendations to the full Board regarding chemical dependency benefits for fiscal year 2001-2002, including (without limitation) possible integration of detoxification, rehabilitation and mental health benefits.** *Documents Provided to Committee prior to meeting: Matrix of chemical dependency coverage.* Staff Recommendation: None Public Comments: Action:
❑ 09262000-07	Discussion Item	**Opportunity to place items on future agendas.**
❑ 09262000-08	Discussion Item	**Opportunity for the public to comment on any matters within the Committee's jurisdiction.** Public Comments:

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DISABILITY ACCESS

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Accessible seating for persons with disabilities (including those using wheelchairs) will be available.

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- A sound enhancement system will be available upon request at the meeting.
- Minutes of the meeting or hearing are available in alternative formats.

If you require the use of any of these services, please contact Arnetta Brown at (415) 554-1727 at least 72 ours prior to the meeting.

In order to assist the City's effort to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, Boards, Councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Rachel Arsntine-O'Hara by mail to Administrative Services, #1 Dr. Carlton B. Goodlett Place, Room 362, by phone at (415) 554-6171, by fax at (415) 554-6177 or by email at Rachel_ArnstineO'Hara@ci.sf.ca.us

Citizens interested in obtaining a copy of the Sunshine Ordinance can request a copy from Ms. Arnstine-O'Hara or by printing Chapter 67 of the San Francisco Administrative Code in the Internet, at http://ww.amlegal.com/sanfran/viewcode.htm

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE
MINUTES

Tuesday September 26, 2000
10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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Commissioner Welch, Chair
Commissioner Deignan
Vice President Zvanski
President Heldfond (excused)

Call to Order 10:05 AM

0926200-01 Action Item

Approval (with possible modifications) of the minutes of the following Rates and Benefits Committee meeting:

- **July 19, 2000**

Staff Recommendation: Approve draft minutes.

Public Comments: None

Action: Motion was moved and seconded to approve the July 19, 2000 minutes. Motion passed 3-0.

09262000-02 Discussion Item

Discussion and possible recommendations to the full Board regarding the design of the City Health Plan (Plan 1) (other than the prescription drug benefit) for fiscal year 2001-2002, including (without limitation) the following features:

Durable medical equipment (DME) benefit
Commissioner Zvanski was concerned with how durable medical equipment (DME) benefits are handled under Plan 1 and the HMOs, specifically when there isn't a PPO provider available for a benefit that is offered in DME.

Preferred Provider(s) for DME
Bart Duncan indicated that it was his understanding from the prior meeting there isn't a PPO provider for DME under Plan 1. Mr. Duncan suggested inviting a Beech Street representative to the next Rates & Benefits meeting in October to provide more information.

The Committee agreed with Chair Welch that a benefit discussion regarding the preferred provider issue and clarification of definitions regarding coverage for hydraulics, wheel chair lifts, and prosthetics and orthotics under medical coverage under DME in Plan 1 is needed.

Roland Mitticia of Towers Perrin assured the Committee that DME coverage for the upcoming fiscal year is well under 1% of the total cost and does not have a significant effect on premiums. Chair Welch noted that prosthetics should not be categorically excluded but rather subject to the medical necessity test. Edna Erfe reported to the Committee that any durable medical equipment over $500 has to be pre-authorized by Beech Street before it is determined medically necessary. The Committee expressed concern about the clarity of the description of the benefit in the current Plan guide. Bart Duncan stated that staff would present to the Committee at the next meeting a proposed version of the language in the guide.

Alternative medicine benefit, including chiropractic and acupuncture benefits

Staff reported that acupuncture is not included in the current HMO plans while chiropractic has been included this year. Both are included in Plan 1 with limited benefits. The Committee asked for more information regarding pre-authorization procedures for these benefits under Plan 1. Bart Duncan suggested he would follow-up with Beech Street and have Beech Street include it in their discussions at the next meeting.

Incentives to use preferred provider (PPO) network outside of the 9 Bay Area Counties

The Committee discussed expanding the 85% coverage design used in the 9 Bay Area counties to other geographic areas where Beech Street has a strong PPO network. The Committee decided to look at this issue in more detail when a Beech Street representative is in attendance.

Commissioner Paretchan also requested a report from Beech Street regarding what they are doing to recruit preferred providers.

Decreasing caps on annual out-of-pocket expenditures both in and out of PPO network

The Committee decided to further investigate this issue when specific cost information becomes available.

Increasing coverage for preventive care
Immunizations are covered 85% by Plan 1 and the Committee asked Towers Perrin to report the cost if immunizations were covered 100%. According to Towers Perrin, physical exams and immunizations could be covered 100% without too much effect as long as a co-payment was still existent. Additionally, Towers Perrin stated that exams annually or every two years needs to be discussed further by the Committee and shots and flu shots should be included.

Scope of the infertility benefits
Bart Duncan suggested that Edna Erfe and staff meet and report back to the Committee with update language for the Plan Guide explaining infertility benefits. HMOs will discuss their infertility benefits at the next meeting.

Public Comments: Diane Hermann commented on annual exams and mail order prescriptions for employees.

09262000-03 Discussion Item

Presentation by Express Scripts (Plan 1 Pharmacy Vendor regarding Plan 1 utilization and trends including (without limitation) the following issues:

Generic substitution policy
Bart Duncan introduced Lael Byrne, our Account Director from Express Scripts. Ms. Byrnes presented to the Board the *City and County of San Francisco Annual Performance Review for July 1, 1999-June 30, 2000,* attached as **Schedule #1.**

The next presenter from Express Scripts was Heidi Scheppmann, Clinical County Manager and a registered pharmacist. Ms. Scheppmann presented to the Committee the *City and County of San Francisco Clinical Program Review* attached as **Schedule #2**.

The Committee commended Express Scripts for their presentations.

Public Comments: None

09262000-04 Action Item

Discussion and possible recommendations to the full Board regarding the Prescription Drug benefit under Plan 1 for fiscal year 2001-2002.

The Committee decided to carry forward consideration of the following subjects:

- Pursue further the 3-tier and 4-tier plan models.
- Formulary changes, specifically, to GI and RA drugs both in conjunction with and separates from the 3-tier and 4-tier modeling.
- Recommend pursuit of the mail order and review fiscal impact of going into mandatory mail order.
- Look at the numbers on infertility drugs
- Towers Perrin will assist Express Scripts in a cost analysis of the 3-tier and 4-tier co-pay plan versus the present deductibles.

Public Comments: None

Action: None

09262000-05 Action Item

Discussion and possible recommendations to the full Board regarding vision benefits for fiscal year 2001-2002, including (without limitation) the following issues:

Frequency of eye exam
Roland Mitticia stated that increasing the frequency of eye exams would raise the premiums. The Committee agreed that the 12/12/24 frequency of the eye exam come before increasing the frame allowance, but that the frame allowance increase should not be considered this year.
Annual frame allowance
Annual frame allowance will remain the same.

Staff Recommendation: None

Public Comments: Diane Hermann commented about the getting return of money for cost of name brand frames.

Action: None

09262000-06 Action Item

Discussion and possible recommendations to the full Board regarding chemical dependency benefits for fiscal year 2001-2002, including (without limitation) possible integration of detoxification, rehabilitation and mental health benefits.

Staff Recommendation: Sharon Fusco, MFCC, CEAP Account Director for United Behavioral Health (UBH) presented to the Committee the "2000 UBH Chemical Dependency Benefit Plan Overview for City & County of San Francisco." This is attached as **Schedule #3**. Chair Welch stated that Plan 1 mental health care coverage for hospitalization and

for in and out patient treatment is not enough and is less generous than the HMOs.

Public Comments: None

Action: Committee agreed to carry over to the next Rates and Benefit meeting discussions regarding chemical dependency benefits for fiscal year 2001-2002.

09262000-07 Discussion Item

Opportunity to place items on future agendas.
Commissioner Deignan expressed concern of everyone being informed of the next meeting in which the chemical dependency benefit will be discussed.

09262000-08 Discussion Item

Opportunity for the public to comment on any matters within the Committee's jurisdiction.

Public Comments: Commissioner Paretchan expressed concern about the increase of premiums that goes with any increase in benefits and asked the Committee to focus on showing the appropriate balance.

Adjourn 12:15 PM

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

Tuesday, October 24, 2000
10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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❑ **Call to Order**		
❑ **Roll Call**	Commissioner Welch, Chair Commissioner Deignan Commissioner Zvanski President Heldfond *(ex officio)*	
❑ **10262000-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • **Meeting of September 26, 2000** *Documents provided to Committee prior to meeting: Draft version of minutes* Staff Recommendation: Approve draft minutes Public Comments: Action:
❑ **10262000-02**	**Action Item**	**Report by Beech Street, discussion and possible recommendations to the full Health Service Board concerning the following City Health Plan (Plan 1) issues:** • **Preferred providers for durable medical equipment ("DME")** • **Strength of Beech Street networks outside the nine Bay Area counties and possible enhanced incentives to use preferred provider (PPO) network outside of the 9 Bay Area Counties** • **Pre-authorization procedures for access to chiropractic and acupuncture benefits**

		Documents Provided to Committee prior to meeting: None. Staff Recommendation: None Public Comments: Action:
❑ **10262000-03**	**Action Item**	**Discussion and possible recommendations to the full Board concerning the HMO Plan rates and benefits for fiscal year 2001-2002, including (without limitation) the following issues:** • **Birth control drugs and devices, including (without limitation) RU486** • **Acupuncture benefits** • **Chiropractic benefits** • **Prosthetics and DME coverage** • **Immunizations and preventive care** • **Medicare plans and networks** • **Impotence drugs** • **Infertility benefits** • **Weight loss and smoking cessation benefits** • **Drug formularies** *Documents Provided to Committee prior to meeting: None.* Staff Recommendation: None Public Comments: Action:

❑	**10262000-04**	**Action Item**	**Discussion and possible recommendations to the full Board regarding integration of the chemical dependency and mental health benefits, including (without limitation) the following integration options:** • **Consolidated benefit offered through the HMO Plans** • **Consolidated benefit offered through United Behavioral Health, Inc. ("UBH")** *Documents Provided to Committee prior to meeting: None.* Staff Recommendation: Consolidate benefit within the HMO Plans Public Comments: Action:
❑	**10262000-05**	**Discussion Item**	**Opportunity to place items on future agendas.**
❑	**10262000-06**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Committee's jurisdiction.** Public Comments:

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DISABILITY ACCESS

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KNOW YOUR RIGHTS UNDER THE SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, Boards, Councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Rachel Arsntine-O'Hara by mail to Administrative Services, #1 Dr. Carlton B. Goodlett Place, Room 362, by phone at (415) 554-6171, by fax at (415) 554-6177 or by email at Rachel_ArnstineO'Hara@ci.sf.ca.us

Citizens interested in obtaining a copy of the Sunshine Ordinance can request a copy from Ms. Arnstine-O'Hara or by printing Chapter 67 of the San Francisco Administrative Code in the Internet, at http://ww.amlegal.com/sanfran/viewcode.htm

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10/24/00

RATES AND BENEFITS COMMITTEE MINUTES

Tuesday, October 24, 2000
10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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Call to Order 10:05 AM

Roll Call

Commissioner Welch, Chair
Commissioner Deignan
Commissioner Zvanski
President Heldfond

10242000-01 **Action Item**

Approval (with possible modifications) of the minutes of the following meeting:

- Meeting of September 26, 2000

Staff Recommendation: Approve draft minutes

Public Comments: None

Action: The Committee moved and seconded to approve the minutes of September 26, 2000. Motion passed 4-0.

10242000-02 **Action Item**

Report by Beech Street, discussion and possible recommendations to the full Health Service Board concerning the following City Health Plan (Plan 1) issues:

Preferred providers for durable medical equipment ("DME")
Amy Norland of Beech Street reported to the Committee that there are 3 national contracts with DME providers. Beech Street will not certify DME services that are under $500 and everything over $500 is sent to case managers (trained registered nurses) for pre-certification.

Strength of Beech Street networks outside the nine Bay Area counties and possible enhanced incentives to use preferred provider (PPO) network outside of the 9 Bay Area counties.

Ms. Norland reported those recent census shows that approximately 95% of membership have access to a PPO provider within 10 to 20 miles outside the 9 Bay Area counties.

Pre-authorization procedures for access to chiropractic and acupuncture benefits.
Acupuncture pre-authorization procedure is not offered and would cost $27,000 to build criteria. Pre-certifications for chiropractic services are not offered, but can be done upon request.

Staff Recommendation: None

Public Comments: None

Action: The Committee moved and seconded to accept the report of Beech Street concerning Plan 1 issues. Motion passed 4-0.

10242000-03 **Action Item**

Discussion and possible recommendations to the full Board concerning the HMO Plan rates and benefits for fiscal year 2001-2002, including (without limitation) the following issues:

- **Birth Control drugs and devices, including (without limitation) RU486**
- **Acupuncture benefits**
- **Chiropractic benefits**
- **Prosthetics and DME coverage**
- **Immunizations and preventive care**
- **Medicare plans and networks**
- **Impotence drugs**
- **Infertility benefits**
- **Weight loss and smoking cessation benefits**
- **Drug formularies**

Health Net: Joanne Haggerty presented to the Committee an overview of benefits for the fiscal year 2000-2001, this is attached as **Schedule #1** and a document titled "Affordable Acupuncture and Chiropractic Benefits for Your Employees," attached as **Schedule #2** and the "Formulary of Traditional Chinese Herbal Supplements," attached as **Schedule #3**. Ms. Haggerty also distributed a directory of participating chiropractors and acupuncturists. Ms. Haggerty reported that Health Net launched the Teen Health feature on the web site and distributes an adolescent magazine to homes of members who are from 14 to 17 years of age.

PacifiCare: Mary Wilkens of PacifiCare distributed to the Committee an overview of rates and benefits for fiscal year 2000-2001, this is attached as **Schedule #4.** Ms. Wilkens reported to the Committee that due to present financial liabilities, she is unable to commit to the status of Medicare for 2002. Ms. Heidi Rebey of PacifiCare stated that PacifiCare Behavior Health can offer the additional benefits proposed more than 60 days over 5 years. She reported that there are real benefits to keeping chemical dependency and mental health within the plan, as opposed to coordinating benefits with an outside vendor, such as UBH. PacifiCare Behavior Health does include detoxification.

Kaiser: Jane Fronk, Major Accounts Manager for Kaiser, presented to the Committee a Benefit Overview from Kaiser Permanente, attached as **Schedule #5.** Ms. Fronk stated that Mental Health and substance abuse care is integrated into Kaiser's Plan and cannot be separated for cost purposes. More information will be given to the Committee at the next meeting.

Blue Shield: David Durian, Senior Account Manager of Blue Shield presented to the Committee rates and benefits for fiscal year 2001-2002 and a memorandum regarding the approval of Mireprex (Mifepristone), also known as RU486, as of September 28, 2000, attached as **Schedule #6.** Blue Shield does not offer a Medicare Risk plan at this time.

Staff Recommendations: None

Commissioner Welch suggested that the plan should be more competitive in meeting the benefits offered in the City's Plan.

Public Comments: Diane Hermann stated concerns about the 3-tier plan and coverage of medications for retirees.

Action: Committee agreed to continue action until the next meeting in November.

10242000-04 Action Item

Discussion and possible recommendations to the full Board regarding integration of the chemical dependency and mental health benefits, including (without limitation) the following integration options:

Consolidated benefit offered through the HMO Plans.

Consolidated benefit offered through United Behavioral Health, Inc. ("UBH").

Sharon Fusco of United Behavior Health (UBH) presented to the Committee an overview of current services that includes structural scope and a performance study grid (included in draft of 9/26/00 minutes). Ms. Fusco recommended that the Committee should consider integrating benefits for better coordination. Commissioner Welch recommended that chemical dependency (rehabilitation) should be changed to 60 days per year versus 30 to 60 days for 5 consecutive years. Mental health treatments/visits should be approximately 6 months and hospitalization should be 30 days a year versus 20 days per year

Joanne Haggerty of Health Net stated that mental health is covered under Managed Health Network (MHN) with some chemical dependency benefits included without any additional charge. The MHN 800 number is listed on the back of the Health Net Card. Karen Lennox, Sr. Vice President of MHN Western Operations of Health Net, Inc., in San Rafael, California, explained to the Committee the services offered under MHN and how the "nine dictated

diagnoses" is used to determine the severity of mental health.

Staff Recommendation: Consolidate benefits within the HMO Plans.

The Committee recommended that Health Net, Blue Shield, PacifiCare, and Kaiser present written clarification of the following issues:

- Confidentiality provisions
- Extent of provider network
- Coordination of benefits within a family
- EAP experience and abilities
- Definition of coordination of chemical dependency and mental health
- Contracts and agreements and years of experience

Public Comments: Forest Fulton of the San Francisco Police Behavioral Science, reported to the Committee the importance of maintaining the services of UBH.

Action: The Committee deferred action until the November meeting and requested information is given.

10242000-05 Discussion Item

Opportunity to place items on future agendas.

- 10 County Survey

10242000-06 Discussion Item

Opportunity for the public to comment on any matters within the Committee's jurisdiction.

Public Comments: None

Adjourn: 1:00 PM

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

- Speakers are urged to fill out a speaker card in advance, but may remain anonymous if so desired.
- A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item.
- A member may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting.

The complete rules are set forth in Section A (6) of the Health Service System Rules and Regulations.
A copy of these Rules and Regulations are available at any time upon request.
For assistance, call Arnetta Brown, HSB Commission Secretary, at 554-1727.

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Tuesday, November 28, 2000
10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

too late to post

- ❑ **Call to Order**

- ❑ **Roll Call**

  Commissioner Welch, Chair
  Commissioner Deignan
  Commissioner Zvanski
  President Heldfond *(ex officio)*

- ❑ **11282000-01** **Action Item**

  Approval (with possible modifications) of the minutes of the following meeting:

  - **Meeting of October 24, 2000**

  Documents provided to Committee prior to meeting: Draft version of minutes

  Staff Recommendation: Approve draft minutes

  Public Comments:

  Action:

- ❑ **11282000-02** **Discussion Item**

  Report by Towers Perrin on preliminary 10-County Survey results for fiscal year 2001-2002.

  Documents Provided to Committee prior to meeting: None.

  Public Comments:

❑	11282000-03	Action Item	**Discussion and possible recommendations to the full Board regarding integration of the chemical dependency and mental health benefits, including (without limitation) the following integration options:** • **Consolidated benefit offered through the HMO Plans** • **Consolidated benefit offered through United Behavioral Health, Inc. ("UBH")** *Documents Provided to Committee prior to meeting: None.* Staff Recommendation: Consolidate benefit within the HMO Plans Public Comments: Action:
❑	11282000-04	Action Item	**Discussion and possible recommendations to the full Board concerning the HMO Plan rates and benefits for fiscal year 2001-2002.** *Documents Provided to Committee prior to meeting: None.* Staff Recommendation: None Public Comments: Action:
❑	11282000-05	Discussion Item	**Opportunity to place items on future agendas.**
❑	11282000-06	Discussion Item	**Opportunity for the public to comment on any matters within the Committee's jurisdiction.** Public Comments:

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

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Department of Human Resources

November 28, 2000

City and County of San Francisco
Department of Human Resources

Health Services Board
Rates & Benefits Committee

RATES & BENEFITS COMMITTEE MINUTES

Tuesday, November 28, 2000
10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order: 10:10 AM

Roll Call

Commissioner Welch, Chair

Commissioner Deignan

Commissioner Zvanski

President Heldfond, Excused

11282000-01 Action Item Approval (with possible modifications) of the minutes of the following meeting:

Meeting of October 24, 2000

Staff Recommendation: Approve draft minutes

Commissioner Deignan reported that Item #4, should be amended to **Forest Fulton** of the San Francisco Police Behavioral Science Department. Commissioner Zvanski recommended that Item #2 be amended to say acupuncture pre-authorization procedure is not offered and the procedure would cost $27,000 to build the criteria.

Public Comments: None

Action: Motion was moved and seconded by the Committee to approve the minutes with recommended amendments. Motion passed 3-0.

11282000-02 Discussion Item Report by Towers Perrin on preliminary 10-County Survey results for fiscal year 2001-2002.

Mike Kramer distributed to the Committee the following survey results conducted by Towers Perrin: "Preliminary Report on the 10-County Survey," attached as **Schedule #1,** and the "2001 Rate Actions by County," and "2001 Rate by Health Plan" (Page 2), attached as **Schedule #2**. Mr. Kramer will give the Committee another report that will show dollar rates based upon county contributions to the Health Plans for fiscal year 2001. Mr. David Durian of Blue Shield provided an explanation for the 38.6% rate increase in Sacramento listed in the 2001 Rate Actions by Health Plan chart. Mr. Durian stated that as the former consultant for the Sacramento County, Blue Shield was "added on" as an additional carrier, and the 38.6% increase signifies an adjustment of rates already in place from past years to a smaller population. This rate is based on the experience of the small population. Mr. Durian assured the Committee that this rate does not represent the current Health Plan trends of today.

Chair Welch and the Rates & Benefits Committee agreed that a detailed report from Towers Perrin showing the10-County contributions to the Health Plan for fiscal year 2001 is needed for the next full Board meeting in December.

Public Comments: None

11282000-03 Action Item Discussion and possible recommendations to the full Board regarding integration of the chemical dependency and mental health benefits, including (without limitation) the following integration options.

· **Consolidated benefit offered through the HMO Plans.**

· **Consolidated benefit offered through United Behavioral Health, Inc. ("UBH").**

Mike Kramer of Towers Perrin distributed to the Committee a "Mental Health and Chemical Dependency" summary, attached as **Schedule #3**.

Joanne Haggerty of Health Net explained why Health Net's rates for MHN in "Option 2-Integrate with Medical" is so low when it is not a service previously provided (Page 2). Ms. Haggerty stated that the chemical dependency component of MHN couldn't be carved out. Rehabilitation is considered a part of MHN services; therefore, there are no additional charges.

Mr. Doug Elkins from Blue Shield explained the discrepancy (higher cost) between Blue Shield's $8.29 in "Option 1-Carve Out with UBH" and the "Option 2-Integrate with Medical" (Page 2). Mr. Elkins explained that

$8.29 in Option 1 is based on current claim cost with UBH and the $9.10 in Option 2 represents the fully insured rate and additional coordinated costs from UBH. Mike Kramer of Towers Perrin stated that UBH is represented as a carve out in Option 1 and is represented as self insured to all plans, and in Option 2- Blue Shield sub-contracts UBH. Blue Shield has contracted with UBH since July 1, 2000.

Jane Fronk of Kaiser reported to the Committee that the.36 cents charge to the retirees (Page 5) for UBH coverage is to cover supervised medical costs incurred by retirees during the rehabilitation period. Ms. Fronk responded to issues reported in the last meeting by Dr. Forest Fulton regarding communications between Kaiser and UBH. Ms. Fronk reported that a meeting has been set for December with Kaiser's Chief of Psychiatry for the Northern California region, Jean Miranda, Director of Employee Assistance Program (EAP), Dr. Forest Fulton of the San Francisco Police Behavioral Science Dept., and Joe Gonzales of Chemical Dependency Recovery Program. The purpose and objective of the meeting is to discuss ways of developing improved services and better communication for chemical dependency. Joe Gonzales, Program Director of the Chemical Dependency Recovery Program reported efforts are being made to integrate patients to PPOs and services offered by the recovery program. Mr. Gonzales said that the program offers one-day and same day services and expressed the importance in having available EAP services. Commissioner Deignan commented about the importance of the recovery program maintaining confidentiality after being contacted. Jean Miranda reported that Kaiser has been more responsive to the needs of EAP by being accessible, having licensed technicians, and an availability of an 800-hotline number for help. She hopes to have improved relations with UBH and Mental Health Network through meetings. Bart Duncan announced he met with Ms. Miranda last month and the Health Service System and the full Board are interested in improving the coordination of communication and services of the Health Plans with EAP.

Staff Recommendations: Consolidate benefit within the HMO Plans.

Chair Welch and the Committee recommended to Bart Duncan that in regards to the increase incidence of patients with dual diagnosis, a performance review should be conducted by HSS periodically in the spring and before the end of the fiscal year. This review would excess communications, services, and the progress of issues of confidentiality.

Public Comments: None

Action: The Committee motioned to consolidate benefits with the HMO Plans with the following amendments:

Recommendations to the full Board to add Option 2 with the carve out based on the amendment to add on dollar figure looked at for Blue Shield;

Include cost of the four benefit items outlined on Page 5 (**Schedule #3**) of the Mental Health & Chemical Dependency Report;

With additional work on the cost of the MHN components by Health Net.

The motion passed 3-0.

11282000-04 Action Item Discussion and possible recommendations to the full Board concerning the HMO Plan rates and benefits for fiscal year 2001-2002.

Mary Wilkins of PacifiCare presented to the Committee an update on the conditions of PacifiCare's Medicare Risk Plan. PacifiCare announced two weeks ago to the press that it is freezing Medicare enrollment in individual Secure Horizon plan for all counties in California excluding Los Angeles, Orange County, and San Diego. This change will become effective December 10, 2000. PacifiCare will continue to accept enrollment from the City and County of San Francisco employees and retirees. Ms. Wilkins stated that because of their current position and the announcements that have been released to the press, she expects PacifiCare will be exiting counties, particularly in northern California, during fiscal year 2002 for Medicare. As a result of PacifiCare`s strategy for 2002, Ms. Wilkins announced that PacifiCare would not be able to honor its commitment for coverage for the plan year of 2002 for retirees; therefore, she withdrew their proposal for 2001-02. Pam Morton of PacifiCare stated that she will continue to come to meetings and remain active as the Account Manager and make sure those services, needs, and issues are met. Ms. Morton also stated that present employees of plan year 2001 are not effected by these changes and she will keep the Board informed of any changes and plans for the next fiscal year. The Board and Bart Duncan expressed their gratitude to Ms. Morton and Ms. Wilkens for their honesty and commitment to the City and the Board. Bart Duncan stated that periodic report on the status of the counties and any issues that will effect the members will be presented to the Board.

Mike Kramer presented to the Committee the HMO Benefits outline beginning with Page 6 (Schedule #3).

Joanne Haggerty of Health Net reported that RU486 is a benefit covered in medical.

Doug Elkins from Blue Shield reported that acupuncture is not filed by Blue Shield but is subcontracted to American Specialty Health Plans. Mr. Elkins stated that per Bart Duncan's request during October 12, 2000 meeting, prosthetics and DME would be covered at 100% (Page 7 - Schedule #3). Chair Welch recommended RU486 coverage under medical. Mr. Elkins will give information regarding RU486 coverage to Bart Duncan and Chair Welch before the December 12, 2000 meeting.

Chair Welch requested Towers Perrin to see why a Rider

for smoking cessation for Health Net is necessary and why it is not considered pharmaceutical (Page 8-Schedule #3).

Staff Recommendation: None

Public Comments: None

Action: Deferred-pending further discussions regarding HMO benefits and rates for fiscal year 2001-2002.

11282000-05 Discussion Item Opportunity to place items on future agendas.

Carry-over performance reviews for chemical dependency/UBH to spring.

11282000-06 Discussion Item Opportunity for the public to comment on any matters within the Committee's jurisdiction.

Public Comments:

Adjourn: 12:30

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Department of Human Resources

December 12, 2000

City and County of San Francisco
Department of Human Resources

Health Services Board
Rates & Benefits Committee

Notice and Agenda

Tuesday, December 12, 2000
11:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order

Roll Call Commissioner Welch, Chair
Commissioner Deignan
Commissioner Zvanski
President Heldfond *(ex officio)*

12122000-01 **Action Item** **Approval (with possible modifications) of the minutes of the following meeting:**

· **Meeting of November 28, 2000**

Documents provided to Committee prior to meeting: Draft version of minutes

Staff Recommendation: Approve draft minutes

Public Comments:

Action:

	12122000-02	**Action Item**	**Discussion and possible recommendations to the full Board regarding Vision Benefits**

			for fiscal year 2001-2002, including (without limitation) the following options: **1. Change current design from biannual exam to yearly exam** **2. Change current design from biannual exam to yearly exam, with a yearly lens benefit only with a necessary prescription change** **3. Change current design from biannual exam and lens benefit to yearly exam and lens benefit** *Documents Provided to Committee prior to meeting: Overview of Vision Rates and Alternate Plan Designs* Staff Recommendation: Option 2 Public Comments: Action:
	12122000-03	**Action Item**	**Discussion and possible recommendations to the full Board concerning the HMO Plan rates and benefits for fiscal year 2001-2002.** *Documents Provided to Committee prior to meeting: None* Staff Recommendation: None Public Comments: Action:
	12122000-04	**Discussion Item**	**Discussion regarding City Health Plan rates and benefits for fiscal year 2001-2002, with a focus on changes that would parallel changes in the HMO plan designs.** *Documents Provided to Committee prior to meeting: None.* Staff Recommendation: None Public Comments: Action:

	12122000-05	**Action Item**	**Discussion and possible recommendations to the full Board regarding the expansion of the 9-Bay Area County 85/50 plan design for the City Health Plan for fiscal year 2001-**

			2002. *Documents Provided to Committee prior to meeting: None.* Staff Recommendation: Expand the current 9-Bay Area County 85/50 design to Southern California counties where Beech Street's PPO network is strong Public Comments: Action:
	12122000-06	**Discussion Item**	**Opportunity to place items on future agendas.**
	12122000-07	**Discussion Item**	**Opportunity for the public to comment on any matters within the Committee's jurisdiction.** Public Comments:

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

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RATES & BENEFITS COMMITTEE
MEETING MINUTES
Tuesday, December 12, 2000
11:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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PLEDGE OF ALLEGIANCE
CALL TO ORDER: 11:05
ROLL CALL

Commissioner Welch, Chair
Commissioner Deignan
Commissioner Zvanski
President Heldfond *(ex officio)*

12122000-01 Action Item

Approval (with possible modifications) of the minutes of the following meeting

- **Meeting of November 28, 2000**

Staff Recommendation: Approve draft minutes
Committee requested that the following change to the first paragraph, last sentence on Page 4: "This review would assess communications, services, and the progress of issues of confidentiality."

Public Comments: None

Action: The Committee moved and seconded to approve the draft of the minutes with the requested amendments. Motion passed 4-0.

12122000-02 Action Item

Discussion and possible recommendations to the full Board regarding Vision Benefits for fiscal year 2001-2002, including (without limitation) the following options:

1. **Change current design from biannual exam to yearly exam.**
2. **Change current design from biannual exam to yearly exam, with a yearly lens benefit only with a necessary prescription change.**

3. Change current design from biannual exam and lens benefit to yearly exam and lens benefit.

Chair Welch expressed the importance of tracking the wording of subsequent procedures and decisions that will result in motions and recommendations by the Rates and Benefits Committee. These recommendations will be presented to the full Board for approval on December 14, 2000.

Roland Mittica of Towers Perrin presented to the Committee the "City and County of San Francisco Vision Service Plan Rates and Alternative Plan." This is document is attached as **Schedule #1.** This plan gives three options from Vision Service Plan (VSP). Mr. Mittica recommended that the Committee consider Alternative #2 because it includes the medical eye exam every 12 months, lens and frames every 24 months, and an interim payment for the lens, if a prescription change is necessary. The net increase for this plan would be only one dollar (32%). Janet Finley of VSP reported that the interim payments for lens in Alternative #2 are:

- Primarily for people who wear spectacles.
- Includes significant prescription changes of spectacles, eligible to have new lens on a yearly basis.
- The majority of the patients have network doctors; therefore, the dollar amount would be paid in full.

The out of pocket cost for a contact lens in Alternative #2 includes benefit cost of $100.00 and $250.00 for medically necessary contact lens. A medically necessary cost is the material co-payment for spectacles/glasses is $25.00 and $5.00 for contact lens, and $10.00 for annual eye exam.

Towers Perrin confirmed to the Committee that VSP are available in all Plans and HMOs except Kaiser.

Staff Recommendation: Option 2
The Committee requested Towers Perrin to explain how Option #2 would impact the rates. Mike Kramer of Towers Perrin explained that there is a $1.00

difference between the current design and Option #2 with the 10-County amount increase of $20.00 and other changes, the dollars can be put in that context for the HMOs and Plan 1. Mr. Kramer reported that Plan 1, as of November 2000, needs a 4% rate increase and more details regarding what the increments will be in comparison to HMOs are scheduled to be presented to the Committee in the next meeting in January.

Committee agreed not to take actions on recommendations, but present recommendations to the full Board with all alternatives illustrated.

Bart Duncan reminded the Committee of the importance of remaining competitive with other HMOs and Plans to attract employees who may have other opportunities. Janet Finley presented data collected from a study conducted by VSP that compares Plan 1 with other HMOs. Ms. Finley stated that reverting back to the 12/12/24 benefit would make Plan 1 competitive.

Public Comments: None

Action: Motion was moved and seconded to carry Option #2 to the full Board. Motion passed 4-0.

12122000-03 Action Item

Discussion and possible recommendations to the full Board concerning the HMO Plan rates and benefits for fiscal year 2001-2002.

Mike Kramer presented to the Committee the "Mental Health and Chemical Dependency" report, attached as **Schedule #2.**

Mr. Kramer informed the Committee that the Mental Health & Chemical Dependency report (Schedule #2) is an updated report that includes calculations of Plan 1 changes under consideration by the Committee and the removal of PacifiCare from HMO plans.

Bart Duncan reported to the Committee that Blue Shield would contract directly with the American Specialty Health Plan. Joanne Haggerty of Health Net reported that various items removed from the last report and the update of new techniques offered by

other programs are now covered over the counter by their pharmacy. Therefore, Health Net does not consider coverage for the patch under the smoking cessation programs to be pharmaceutical.

Doug Elkins from Blue Shield reported that the high rates shown for 30 visits for acupuncture would go down when negotiations for direct contracting with the American Specialty Health Plan is complete. Mr. Elkins agreed to keep the Committee updated on the results of the discussions

The Committee confirmed and clarified the incremental costs to cover prosthetics and Durable Medical Equipment (DME) at 100% by Kaiser is based on medical necessity. The Committee will revisit the high cost of coverage for prosthetics and DME under Blue Shield after the completion of negotiations with American Specialty Plan.

Mike Kramer distributed the following documents to the Committee for review:

- CCSF Rating Alternatives for Blue Shield as of July 1, 2001, attached as **Schedule #3.**
- CCSF Rating Alternatives for Health Net as of July 1, 2001, attached as **Schedule #4.**
- CCSF Rating Alternatives for Kaiser as July 1, 2001, attached as **Schedule #5.**
- CCSF HMO Pricing Caveats, attached as **Schedule #6.**

The detailed rating alternatives presented for each HMO plan (Schedules #3-5) included ten scenarios regarding the current, carve-out, incremental, and 60 visit rehab information. These are based upon (1) plan design options, (2) full premium rates, (3) member monthly contribution, and (4) estimated amount of gap dollars produced for one year. Scenario #10 shows the rates with all the benefits including Prop E and the disappearance of the gap dollar in every plan except Kaiser. The Committee decided that because of the passing of Prop E, scenarios 1-2 are not an option. The Committee agreed to present Scenario #10 to the full Board. Commissioner Zvanski expressed the need to offer benefits to cover hearing aid for both ears

especially for retirees. Joanne Haggerty of Health Net reported that CalPERS offers coverage 1 per ear for every 36 months and with a maximum cost of $1000. Mike Kramer said that Health Net's hearing aid coverage is two devices every 36 months, Kaiser offers 2 every 36 months with no cap on cost, and Blue Shield is $1000 every 36 months.

Regarding effects to adversity to 0 gap dollars, Mike Kramer confirmed to the Committee that Plan 1 should do fine, considering the strength of the Trust Fund, which will be presented by the auditors at the HSB meeting. Bart Duncan suggested adding a cushion to each member to cover the 0 gap dollars.

Staff Recommendation: None

Public Comments: Janet Fronk of Kaiser wanted clarification that, contrary to report in the final scenario, Kaiser does not offer a sub-contract for acupuncture.

Action: Motion to recommend to the full Board Scenario #10 was moved and seconded by the Committee. Motion passed 4-0.

12122000-04 Discussion Item

Discussion regarding City Health Plan rates and benefits for fiscal year 2001-2002, with a focus on changes that would parallel changes in the HMO plan designs.

Roland Mittica reported that RU486 is not currently covered by Plan 1. He suggested that the Committee recommend coverage to RU486 as a basic service subject to regular deductibles and co-insurance. A 25% discount on brand drugs-only plan could be offered for coverage for erectile dysfunction. The Committee asked how HMOs determine medical necessity. Doug Elkins of Blue Shield said that determination of "medically necessary" coverage is based upon an underlining medical condition, such as diabetes and would be covered under the drug plan. Towers Perrin will ask Express Scripts how medical necessity is determined for Viagra.

Staff Recommendation: None

Commissioner Welch reminded the Committee that all recommendations submitted to the full Board- plan design could be reexamined. All options considered should include everyone, actives and retirees.

Public Comments: Harry Paretchan, HSB commissioner expressed concern with the need for reduction of medical deductibles in Plan 1, cap on prescription drugs, and cost control when adding benefits.

12122000-05 Action Item

Discussion and possible recommendations to the full Board regarding the expansion of the 9-Bay Area County 85/50 design to Southern California counties where Beech Street's PPO network is strong.

Bart Duncan reported that the purpose of expanding the 85/50 design is to make sure that people in the urban areas receive the same treatment as those living in the north. Many complaints have been made as to why people who live in LA and go to non-PPO providers get an 85% reimbursement (Beech Street Network); while Bay area residents in San Francisco receive only a 50% reimbursement. Amy Norland of Beech Street presented to the Committee a Network Accessibility Summary, attached as **Schedule #7**. This report included information regarding accessibility analysis specifications, average distance to a choice of providers for employees with desired access, key geographic areas, and state detail information of all employees in the Beech Street Network. Ms. Norland stated that the reach of Plan 1 in California is 100%. 99% of Plan 1 members are covered under the Beech Street Network. A report will be given to the Committee that will be broken down by county and zip code, showing how many members live in that county by zip code, and how many match at 100%. Ms. Norland confirmed the Committee that there is a 100% match of members with PPO providers in Southern California. Bart Duncan said that he would work with Towers Perrin in obtaining an update of the number of persons in Claims that live outside the network and have outside PPO providers. Ms. Norland offered to provide the Committee with a map that would outline areas that should not be under the new Plan and based on their zip codes throughout the state of California.

Staff Recommendation: Expand the current 9-Bay Area County 85/50 design to Southern California counties where Beech Street's PPO network is strong.

Committee agreed to delay action until more information is received from Beech Street and from Towers Perrin before the January meeting.

Public Comments: None

Action: Motion moved and seconded by the Committee to carry forward to the next Rates and Benefits meeting. Motion passed 4-0.

12122000-06 Discussion Item **Opportunity to place items on future agendas. None**

12122000-07 Discussion Item **Opportunity for the public to comment on any matters within the Committee's jurisdiction.** Mike Kramer gave the Committee calculations for Scenario #11.

Public Comments: None

Adjourn: 12:30 PM

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Tuesday, January 9, 2001
11:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑ **Call to Order**		
❑ **Roll Call**	Commissioner Welch, Chair Commissioner Deignan Commissioner Zvanski President Heldfond *(ex officio)*	
❑ **01092001-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • **Meeting of December 12, 2000** *Documents provided to Committee prior to meeting: Draft version of minutes* Staff Recommendation: Approve draft minutes Public Comments: Action:
❑ **01092001-02**	**Action Item**	**Discussion and possible recommendations to the full Board regarding the expansion of the 9-Bay Area County 85/50 plan design for the City Health Plan for fiscal year 2001-2002.** *Documents Provided to Committee prior to meeting: None.* Staff Recommendation: *(Modified from recommendation at meeting of December 12, 2000)* Defer expansion of the current 9-Bay Area County 85/50 design until new claims administration system is available. Public Comments: Action:

❑ 01092001-03	Discussion Item	**Presentation by Express Scripts regarding pharmacy benefit options for the City Health Plan for fiscal year 2001-2002.** *Documents Provided to Committee prior to meeting: None* Public Comments:
❑ 01092001-04	Action Item	**Discussion and possible recommendations to the full Board concerning City Health Plan rates and benefits for fiscal year 2001-2002.** *Documents Provided to Committee prior to meeting: None* Staff Recommendation: None Public Comments: Action:
❑ 01092001-05	Discussion Item	**Discussion and possible recommendations to the full Board concerning Dental Plan rates and benefits for fiscal year 2001-2002.** *Documents Provided to Committee prior to meeting: None.* Staff Recommendation: None Public Comments: Action:
❑ 01092001-06	Discussion Item	**Opportunity to place items on future agendas.**
❑ 01092001-07	Discussion Item	**Opportunity for the public to comment on any matters within the Committee's jurisdiction.** Public Comments:

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

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SUMMARY OF HEALTH SERVICE BOARD RULES REGARDING CELL PHONES AND PAGERS

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Department of Human Resources

January 09, 2001 (Revised)

City and County of San Francisco
Department of Human Resources

Health Services Board
Rates & Benefits Committee

RATES & BENEFITS COMMITTEE

MEETING MINUTES

Tuesday, January 9, 2001

11:00 AM

City Hall, Room 416

1 Dr. Carlton B. Goodlett Place

San Francisco, CA 94102

CALL TO ORDER: 11:05

ROLL CALL

Commissioner Welch, Chair

Commissioner Deignan

Commissioner Zvanski

President Heldfond *(ex officio)*

01092001-01 Action Item Approval (with possible modifications) of the minutes of the following meeting

- Meeting of December 12, 2001

Staff Recommendation: Approve Draft

- Amendment of name on Page 5, under Public Comments to: Jane Fronk.

♉ Amendment of Page 6, first paragraph, last sentence: "All options should consider actives and retirees."

Public Comments: None

Action: Motion was moved and seconded by the Committee to approve with amendments, minutes of December 12, 2000. Motion passed 4-0.

01092001-02 Action Item Discussion and possible recommendations to the full Board regarding the expansion of the 9-Bay Area County 85/50 plan design for the City Health Plan for fiscal year 2001-2002.

Bart Duncan reported that after further research of the Beech Street Network, the HSS system, and the difference it would make to Plan 1, that the modified recommendation from last meeting be revised.

More time is needed to develop a system that can be used nationwide rather than just extended to certain areas in Southern California.

Staff Recommendation: (Modified from recommendation at meeting of December 12, 2000) Defer expansion of the current 9-Bay Area County Defer expansion of the 85/50 design until new claims administration system is available.

Public Comments: None

Action: The Committee moved and seconded to defer expansion of the 85/50 design until next year. Motion passed 4-0.

01092001-03 Discussion Item Presentation by Express Scripts regarding pharmacy benefit options for the City Health Plan for fiscal year 2001-2002.

Lael Byrne, Account Director of CCSF Health Plan 1 Prescription Drug Program (managed by Express Scripts) distributed to the Committee the following documents:

1. Key Statistics for Client: City & County of San Francisco/Total Population attached as **Schedule #1.**

2. Advantage of a 3-tier Co-pay Benefit Design, attached as **Schedule #2**.

3. CCSF 3-Tier Plan Cost Analysis, based on 7/1/99-6/30/00 Data, attached as **Schedule #3**.

4. Member Impact Analysis, 3-Tier Plan Design with National Formulary, attached as **Schedule #4**.

5. Therapy Class Coverages attached as **Schedule #5**.

3-Tier Plan Implementation Schedule for July 1, 2001/Express Scripts' Prescription Drug Program attached as **Schedule #6.**

Ms. Byrne recommended the 3-tier co-pay benefit design for the following reasons:

♉ Allows access to all covered drugs-means satisfaction to members

because they will have a choice.

ϑ Cost control -incents participants to use generics and formulary brand name drugs.

According to the 3-Tier Plan Cost Analysis, Model #3 of the 3-tier (increased) co-pay design would save Plan 1 $265,744 and an additional $100,000 savings gained from switch to national preferred formulary (vs. current open formulary). Commissioner Heldfond questioned the cost and benefit of a 3-tier plan that offered less than $300,000 savings suggested. Consideration of formulary restrictions was requested by Chair Welch.

Ms. Byrne stated that the key reason why the mail order penetration is so low (6.7%), is because of the lack of communication and learning period of members during implementation of the first year. Commissioner Zvanski stated that because of poor customer service with out of state mail orders, many retirees prefer to pay more and go to a pharmacy for their medication. Bart Duncan expressed the importance of improving customer service by reporting all problems to HSS staff so that they can be monitored directly with Express Scripts (ES) for quality service. Since early spring, after the performance reviews, bi-weekly calls are made with ES to address specific issues and membership problems.

Chair Welch requested for a breakdown on Members Impact Analysis for members for non- formulary (non-preferred).

Public Comments: Commissioner Paretchan commented about incentives needed to get members to use mail order.

01092001-04 Action Item Discussion and possible recommendations to the full Board concerning City Health Plan rates and benefits for fiscal year 2001-2002.

Mike Kramer distributed to the Board the "Rating Alternatives for Plan 1 as of July 1, 2001," attached as **Schedule #7** and "Plan 1 Pricing Options for 2001-2002," attached as **Schedule #8**. Mr. Kramer reported that as of the end of the current plan year, June 30, 2001, the trust is projected to have $8.8 million more in assets than in the target reserve established by the actuary. An estimate of this total, $5.8 million could be attributed to Plan 1.

The Committee wished to the plan design options of Scenario P1-6 which includes elimination of the pharmacy deductible, maintaining the current out-of-pocket ($37.50), UBH, and the trust fund subsidy of 1,500,000.

Bart Duncan and Beaulah Smith, City Health Plan Manager, informed the Committee that they are unaware of any issues resulting from out-of-pocket payments. Roland Mittica of Towers Perrin explained the difference between deductibles and out-of-pocket limits is that deductibles effect everyone minimally ($50), whereas; out-of-pocket in a catastrophic illness would effect few people, but the high costs could be devastating to the person affected. Towers Perrin agreed to institute coverage for shots/immunizations 100% without the deductible and with the pharmacy co-pay. The Committee agreed with Chair Welch to recommend reducing the co-pay. Prosthetics and DME current 85/50/80 coverage would increase to 100/50/80 based on medical necessity (to be further discussed at the next R & B meeting). Bart Duncan stated that using the pharmacy deductible to offset the medical deductible would not be an option that he would encourage. Ms. Byrne agreed to give statistics of companies with deductibles/co-pays by geographic regions and cost analyses with different

plan design, with elimination of the deductible, and with lower deductibles, and with formulary restriction.

Staff Recommendation: None

Consider the following at the next Rates and Benefits meeting:

♉ Reducing or eliminating the pharmacy deductible with a pharmaceutical trade off

♉ or make co-pay adjustments

The Committee agreed that Towers Perrin should create a new scenario that would include the following plan design options for Plan 1:

♉ UBH

♉ 60 visit rehab

♉ Prosthetics & DME with clarification on medical approval, and with 100% in network and no change out of network.

♉ 25% IVF, GIFT, ZIFT and 50% IVF, GIFT, ZIFT

♉ Half of current hearing aid proposal ($1000)

♉ Erectile dysfunction with medical approval as per Plan 1 Pricing Options Summary.

♉ Immunization coverage only in the preventive care packet.

♉ Prop E

♉ Vision 12/24(12)24

Public Comments: None

Action: Committee agreed to carry over to the next Rates & Benefits meeting scheduled for January 23, 2001.

01092001-05 Discussion Item Discussion and possible recommendations to the full Board concerning Dental Plan rates and benefits for fiscal year 2001-2002.

Staff Recommendation: None

Item was deferred until the next Rates & Benefits meeting.

Public Comments: None

01092001-06 Discussion Item Opportunity to place items on future agendas.

Chair Welch suggested regular reporting of performance review of plans.

Public Comments: Commissioner Paretchan commented about increasing Plan 1 membership.

01092001-07 Discussion Item Opportunity for the public to comment on any matters within the Committee's jurisdiction.

Public Comments: None

Adjourn: 1:49 PM

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

Tuesday, January 23, 2001
10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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❑ **Call to Order**		
❑ **Roll Call**	Commissioner Welch, Chair Commissioner Deignan Commissioner Zvanski President Heldfond *(ex officio)*	
❑ **01232001-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • **Meeting of January 9, 2001** *Documents provided to Committee prior to meeting: Draft version of minutes* Staff Recommendation: Approve draft minutes Public Comments: Action:
❑ **01232001-02**	**Action Item**	**Discussion and possible recommendations to the full Board concerning Dental Plan rates and benefits for fiscal year 2001-2002.** *Documents Provided to Committee prior to meeting: None* Staff Recommendation: None Public Comments: Action:

❑	**01232001-03**	**Action Item**	**Discussion and possible recommendations to the full Board regarding coverage of transsexual treatments and surgeries under medical plans for fiscal year 2001-2002.** *Documents Provided to Committee prior to meeting: None* Staff Recommendation: None Public Comments: Action:
❑	**01232001-04**	**Action Item**	**Discussion and possible recommendations to the full Board concerning City Health Plan rates and benefits for fiscal year 2001-2002.** *Documents Provided to Committee prior to meeting: None* Staff Recommendation: None Public Comments: Action:
❑	**01232001-05**	**Action Item**	**Discussion and possible recommendations to the full Board regarding the contents of the City Health Plan Guides for fiscal year 2001-2001.** *Documents Provided to Committee prior to meeting: None* Staff Recommendation: None Public Comments: Action:
❑	**01232001-06**	**Discussion Item**	**Opportunity to place items on future agendas.**
❑	**01232001-07**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Committee's jurisdiction.** Public Comments:

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Thursday, September 20, 2001
9:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑ **Call to Order**

❑ **Roll Call**

Commissioner Welch, Chair
Commissioner Deignan
Commissioner Breslin
Commissioner Heldfond
Commissioner Van Runkle
President Zvanski *(ex officio)*

❑ 09202001-01	Discussion Item	**Transgender Benefits Status Report (HMOs)** *Documents Provided to Committee prior to meeting: None* Public Comments:
❑ 09202001-02	Discussion Item	**Rates and Benefits Overview-Norms and Issues (Towers Perrin)** *Documents Provided to Committee prior to meeting: None* Public Comments:
❑ 09202001-03	Discussion Item	**Discussion Regarding Rates and Benefits Timetable** *Documents Provided to Committee prior to meeting: Expected 2001 Rates and Benefits Timetable* Public Comments:

❑ 09202001-04	Discussion Item	**Opportunity to place items on future agendas.** Public Comments
❑ 09202001-05	Discussion Item	**Opportunity for the public to comment on any matters within the Committee's jurisdiction.** Public Comments:

Ajourn

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

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9/20/01

MINUTES

Thursday, September 20, 2001
9:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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Call to Order: 9:10 A.M.

Roll Call

Commissioner Welch, M.D., M.P.H., Chair
Commissioner Breslin
Commissioner Deignan
Commissioner Heldfond
Commissioner Van Runkle
President Zvanski *(ex officio)*

Committee recognized the presence of Supervisor Mark Leno.

09202001-01 **Discussion Item** **Transgender Benefits Status Report (HMOs)**

Chair Welch thanked all of the HMOs and Towers Perrin for their hard work on the Transgender Task Force.

The HMOs presented to the Committee reports regarding their progress in the development of the transgender benefit. During the summer the HMOs attended meetings to design the transgender benefit for their respective plans.

Kaiser

Jane Fronk of Kaiser distributed the following documents:

- Memo sent to the Health Service Board dated January 11, 2001, attached as **Schedule #1**. This memo outlines six outstanding issues to be resolved prior to the implementation of the transgender benefit.
- DRAFT (grid) of Transgender Benefit for the City and County of San Francisco, attached as **Schedule #2**. Ms. Fronk reported that under the supervision of the HSS staff and Towers Perrin, the health plans worked cooperatively to establish consistent benefit and exclusion guidelines. Judy Van Maasdam and Dr. Robin Dee participated in the development of a comprehensive

benefits outline and agreed on what is covered and what is excluded.

- Timeframe for Transgender Benefit Network Development, attached as **Schedule #3**. Ms. Fronk reported that the work involved in the development of a quality network that will meet the guidelines of the Department of Managed Care and Kaiser's own guidelines will require more time than the July 1, 2002 target implementation date allows. The rates and co-pay levels will not be available during the renewal process because the physician network development and credentialing process will not be complete. Meanwhile, benefits that are currently being offered with the HMOs will be available.

Health Net

Joanne Haggerty of Health Net presented to the Committee the "Transgender Benefit for the City and County of San Francisco," attached as **Schedule #4**. Ms. Haggerty reported that this document is a replica of Kaiser's and is derived from the transgender benefits template created by the HMOs during their meeting sessions. Page nine is identifies the following open issues:

- Benefit maximum, co-payments, and benefit design; still need to be addressed.
- Network adequacy, accessibility and qualifications. Contract problems -all of the providers responded that the transgender surgery is a different financial responsibility; therefore, all medical groups will require separate contracting. This means that Health Net will need to develop another contract that is separate from the one that currently exist.
- Standards & monitoring methods for quality care is to be determined (according to the Harry Benjamin International Gender Dysphoria Association's Standards of Care for Gender Identity Disorders).
- Filing/implementation and DMHC authorization.
- Timeline (Page 10) adjusted as needed. Physicians have to get additional coverage to cover malpractice suits.

Blue Shield

Dave Durian of Blue Shield echoed agreement that after several meetings with the Transgender Task Force, Blue Shield's transgender benefits template is exactly the same as Kaiser's and Health Net's. Mr. Durian reported that:

- Network accessibility, adequacy, and qualifications.

There will be some differences on how the networks are put together, who will be on them, and how to price them.

- Timeline problems include credentialing and ability to find providers that will meet the qualifications and approval of the Department of Managed Health Care.

- Concerns regarding the waiting period and the legal issues involved in placing a dollar cap on benefits.

Chair Welch requested Blue Shield's timeline report regarding credentialing.

Commissioner Heldfond expressed concern regarding the possibility that the HMOs may need to provide the providers with additional credentialing before they can perform transgender surgery with the staff in each hospital. Chair Welch said that since most of the surgical procedures are considered standard, a provider should already have credentialing in the hospital that they are working in.

Beech Street handles the Plan 1 PPO contracts. Roland Mittica of Towers Perrin reported that under the PPO plan, since Health Plan 1 is self insured and is not regulated by the Department of Managed Health Care or the Department of Insurance, Plan 1 can provide benefits without getting prior approval from regulatory agencies. Chair Welch reminded the Committee that whatever provisions are current with Plan 1, independent of the transgender, would also exist in the transgender benefit. The in and out of network preferences of the consumer are no different with Plan 1 in comparison with the transgender benefit.

Supervisor Mark Leno asked if there would be adverse selection to Plan 1 if there were further delay with the HMOs. Mike Kramer of Towers Perrin reported that the effects to Plan 1 would be no more than what currently exits, because of the parity of the HMOs and the conservative pricing of each program.

Jane Fronk stated that currently, money from each of the HMOs is added on top of the rates and is funneled to the Trust fund to pay for the transgender surgery supplied by Plan 1.

Chair Welch noted to the Committee that each of the HMO benefit packets contain footnotes regarding weight, cap, and the question of legality of the same.

Mike Kramer reported that the dollar cap and one-year waiting period were measures taken last year to protect the trust fund. Roland Mittica declared that the one-year waiting period was placed because of concern about the possibility of employees coming to work for the City just to get benefits that are not offered by any other employer. He

stated that the Committee might want to consider removing one or both of these items. Rebecca Saroyan reported that the one-year waiting period and the $50,000 cap implementation are based on authority to shield Plan 1 from unknown risk, and legal authority based on sound actuary principles, and protection of the liability of the trust fund. These issues have been tabled and are now open for discussion. The Health Insurance Portability Accountability Act (HIPAA), and the State Unruh Act, opposes both of these no risk measures.

Legal Counsel Report

Health Net

Joanne Haggerty reported that their legal counsel was not present because of current negotiations with Sutter. Health Net's present position is not only against the waiting period, but this issue is against their rules and regulations. Capitation is questionable and is currently being discussed with the Department of Managed Health Care (DMHC).

Kaiser

Jane Fronk introduced the legal counsel for Kaiser, Mr. Brent Barnhart. Ms. Fronk stated that Managed Health Care might regard the $50,000 cap as an "illusory benefit" because if the service is really $100,000, the out-of-pocket per person makes the benefit one that is not accessible. Mr. Barnhart stated that the illusory benefit is not a civil rights issue, but an insurance issue. All health insurers, DMHC, and HIPAA review the illusory benefit regardless of the benefit. HIPAA is a federal law that was enacted in 1996 and offers provisions such as guaranteed availability, guarantee of renewals, and reasonable length of waiting periods etc. The purpose of this law is to stop practices that occur with insurers in avoiding the risk tools. Mr. Barnhart stated that there is a problem with the waiting-period and the cap because they are offered only to certain employees and not to all city employees. Another problem noted by Mr. Barnhart is that businesses are not covered under the "medical condition" clause that has been added to the California Civil Rights Act (the "Unruh Act"). As a result, Kaiser may be liable for violation of the Civil Rights Act.

Blue Shield

David Durian stated that the cap is a problem because the cost for out-of-pocket expenses would cost more for some because the prices of some transgender surgeries are more than for others. Mr. Lyle Swallow, legal counsel for Blue Shield, reported problems with the transgender waiting period because of HIPAA and the state law. Problems also exist with the cap because of HIPAA, ADA, Managed Health Care, and the California Civil Rights Act.

Mr. Swallow proposed that because of the high legal risks, the transgender benefit should not have a cap.

HMO Recommendations

Chair Welch requested each HMO to give their recommendation regarding the cap and what part of the transgender benefit would they move forward to the Full Board in July 2002.

Kaiser

- Jane Fronk recommended figuring the price of the cap last. The transgender benefits, exclusions, co-pay levels, rates, and out of pocket costs should be complete before an underwriter can accurately price a cap.
- Drop the waiting period required by the HMO before implementation of the benefit. Recommend that there should not be a waiting period for the HMOs.

Health Net

- Joanne Haggerty recommended parity with all plans in dropping the waiting period.
- Cap is questionable and decision should be parity with all plans.

Blue Shield

- David Durian recommended no waiting period and the decision should be parity with all plans.
- Cap is problematic and pricing should be at the end of the transgender benefit development.

Committee Recommendation to the Full Board for July 2002

Chair Welch asked the Committee to decide, after hearing all the discussions and issues regarding the transgender benefit, which of the following options to recommend to the Full Board:

- Recommendation to allow the HMOs another year (2003) before they can offer and administer the surgical components of the transgender benefits.
- Recommendation to not make this recommendation.
- Recommendation that the HMOs have these benefits
- available for July 2002.

Commissioner Zvanski recommended pushing the HMOs to have the benefits available by 2002 for everyone.

Rebecca Saroyan stated that she attended all of the HMO meetings and was very impressed with the hard work and dedication of the HMOs in development of the transgender benefits. She recommended that the Committee should believe and trust (100%) the accuracy of the HMOs decisions regarding benefit issues and how they stand today and their recommendations.

Chair Welch agreed with Ms. Saroyan regarding the performance and commitment of the HMOs to have this benefit in place by July 2002. Dr. Welch said that she did not feel it was possible to have the benefits in place, priced appropriately, and network access in time by 2002. It would not serve the public well to offer a service that may not be deliverable as promised.

Mike Kramer of Towers Perrin agreed with Dr. Welch and Ms. Saroyan regarding the commitment and dedication of the HMOs.

Motion was made by Commissioner Heldfond to recommend to the Full Board not to require the HMOs to offer the benefits by 2002. If the HMOs can develop the benefit sooner, then it should be presented to the Board earlier. The motion was moved and seconded by the Committee. Motion was approved.

Public Comments:

Diane Hermann of the SF Retirees Association requested clarification of the Committee recommendation regarding the benefits for 2002 to the Full Board.

Rates and Benefits Overview-Norms and Issues (Towers Perrin).

09202001-02	**Discussion Item**	Mike Kramer of Towers Perrin distributed to the Committee the CCSF Projection of Member Monthly Contributions for July 1, 2002-June 30, 2003, attached as **Schedule #5**. This report illustrates the projected totals of members' monthly contributions if rates increased 20%, 30%, and 40%. Mr. Kramer gave a summary of last year's accomplishments, discussions, and decisions made by the Rates and Benefits Committee. The year ended with many improvements to the Health Plan 1 benefits.

HMOs future plan issues

Health Net

- Joanne Haggerty reported that pharmacy trends are running at a 21% increase, medical at a 19% increase. The increases can be attributed to the medical groups going to shared risk.
- Health Net is turning to direct contracting which has an impact on rates.
- Change in benefits and the economy has caused rates to go up as much as to 25%.

Kaiser

Jane Fronk distributed to the Committee the Kaiser Permanente 2002 Renewal-CCSF Health Service System, attached as **Schedule # 6**. Kaiser has been impacted with the following issues:

- Upward trend of the pharmacy to 19%.
- Increase demands of outside providers.
- Insufficient care of the medical care reimbursement.
- Seismic expenses for property owned by Kaiser
- Community rate increases are for Northern California for 2002 is 14%. New rates will depend on the experience and the level of benefits chosen.
- Hearing aid benefit will not be offered next year and will be replaced with an alternative.

Blue Shield

David Durian reported that the rising cost of health care can be contributed to:

- Medical group and IPAs renegotiation of contracts.
- A 20% trend to the facility hospitals.
- A trend of 10% (low side) for the cost of professional groups and IPAs.
- A 19.5% trend factor for prescription drugs. Depending on the size of the HMO group, location, type of plans etc., there is a projected annual trend factor applied of 16% to 18%.
- Retirees are not on their plan. Blue Shield no longer has a Medicare choice group contractor.
- Mr. Durian also reported that negotiations are on going with Mills Peninsula Hospital and Alta Bates (independent contractors). Negotiations with Sutter are complete and contracts are renewed.

		Public Comments: None.
09202001-03	Discussion Item	**Discussion Regarding Rates and Benefits Timetable** Mike Kramer distributed to the Board the 2001 Rates and Benefit Timetable, attached as **Schedule #7** and the CCSF Planned 2001 Rates and Benefits Committee Meeting, attached as **Schedule #8**. The meeting date listed on Page #3 of the Rates and Benefit Timetable should be changed from February 11th to February 14, 2001. The purpose of this timetable is to determine expectations prior and for the duration of meetings. The vendors responded favorably to the communication from Towers Perrin regarding the requirements anticipated at this meeting and the next Rates and Benefits Committee meetings. A copy of this report was sent to Dr. Welch and Yvonne Hudson. Commissioner Zvanski requested information regarding PERS be included in the information for the next meeting. Commissioner Heldfond requested peer group reviews regarding rate increases in spite of the size of the municipality. Commissioner Breslin requested a breakdown of the increases of cost. Public Comments: Diane Hermann inquired about which of the Rates and Benefits meeting members should be alerted to attend in order to have their issues heard.

09202001-04	Discussion Item	**Opportunity to place items on future agendas.** ▪ Rates and Benefits issues. Public Comments: None
09202001-05	Discussion Item	**Opportunity for the public to comment on any matters within the Committee's jurisdiction.** Public Comments: None.

Adjourn 11:30 A.M.

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

DOCUMENTS DEPT.

SEP 27 2001

SAN FRANCISCO
PUBLIC LIBRARY

Monday, October 1, 2001
3:00 PM

City Hall, Room 408
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

- ❑ **Call to Order**

- ❑ **Roll Call**

Commissioner Welch, Chair
Commissioner Deignan
Commissioner Breslin
Commissioner Heldfond
Commissioner Van Runkle
President Zvanski *(ex officio)*

❑ **10012001-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • **Meeting of September 20, 2001** *Documents Provided to Committee prior to meeting: Draft version of the minutes.* Staff Recommendation: Approve draft minutes Public Comments:
❑ **10012001-02**	**Discussion Item**	**Discussion of Plan Design, Pricing and Administrative Issues (all vendors).** *Documents Provided to Committee prior to meeting: None* Public Comments:
❑ **10012001-03**	**Discussion Item**	**Opportunity to place items on future agendas.** Public Comments:
❑ **10012001-04**	**Discussion Item**	**Opportunity for the public to comment on any matters within the Committee's jurisdiction.** Public Comment:

Adjourn

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SUMMARY OF HEALTH SERVICE BOARD RULES REGARDING CELL PHONES AND PAGERS

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

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MINUTES

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OCT 30 2001
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Monday, October 1, 2001
3:00 PM

City Hall, Room 408
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order **3:05 PM**

Roll Call

Commissioner Welch, M.D., M.P.H., Chair
Commissioner Breslin
Commissioner Deignan, Absent
Commissioner Heldfond, Excused
Commissioner Van Runkle
President Zvanski (*ex officio)*

Committee acknowledged the presence of Commissioner Emeritus, Harry Petrechan.

10012001-01 **Action Item** **Approval (with possible modifications) of the minutes of the following Rates and Benefits Committee meeting:**

- **September 20, 2001**

Staff Recommendation: Approve draft minutes.

The Committee approved the draft minutes with recommended amendments.

Public Comments:

David Durian requested amendments to Blue Shield statements listed on pages 7 and 8.

Action: Motion was moved and seconded to approve draft minutes of September 20, 2001 with recommended amendments. Motion Passed 3-0.

that is established.

- Options involved to offer Blue Shield benefits to non-Medicare retirees will be reviewed.

Health Net (Report by Joanne Haggerty)

- Formulary changes are made annually. As of today, Prilosec was pulled off of the formulary.
- Coordination of Benefits (COB) with Medicare- allows seniors with Medicare flexibility in choosing a provider.
- Negotiations between Sutter and Health Net are ongoing.

Kaiser (Report by Jane Fronk)

- CCSF Health Service System 2002 Renewal/Plan Design Issues, attached as **Schedule #8**.
- Kaiser will no longer offer hearing aid benefit. An alternative benefit is being developed.
- Effective January 1, 2003 Kaiser will implement a post-stabilization & authorization project (P-SNAP).
- Kaiser will present an update of the transgender development and the impact of the mental health parity as a standing item at each meeting.

Beech Street (Report by Amy Norland)

- Beech Street Corporation Fee Negotiation Overview, attached as **Schedule #9**. The purpose of this overview is to give the CCSF the opportunity to save money on out of network bills.
- Non-network providers are offered timely payments and bills can be audited for correctness as an incentive to participate.

United Behavior Health (Report by Sharon Fusco)

- A UBH Medical Economic Analyst recommended that the Health Plan should keep the Mental Health deductible the same, but make it separate.

Delta Dental (Report by Rhett Davis)

- Mr. Davis is a new Account Manager for Delta Dental and has been working on CCSF administrative issues with the HSS staff for the past six months.

- Rebecca Saroyan announced that Delta Dental has failed to produce a hard copy of the July 2001 PMI contract. Ms. Saroyan and Yvonne Hudson have not been able to get a response from Delta Dental for the past three months.

Committee Comments

- Main objective is to save money by reducing the cost of the Plan.

Public Comments:

- Jean Thomas of the Retired Employees Association requested that the rates of the dental plan be lowered.
- Diane Hermann, representative for retired employees, is concerned about the design change of Express Scripts in regards to the out of pocket expense to the retirees. Dr. Welch requested that Express Script should simplify their presentations for the retirees by the next meeting.
- Commissioner Emeritus Harry Paretchan requested eliminating the $250 deductible in Plan 1.
- Greg Lynch, SF Police Dept. Association and a member of the SFPD Board of Directors noted many claim issues, particularly regarding the delay of members getting their money back after submitting a claim in the flexible spending account.

10012001-03	Discussion Item	**Opportunity to place items on future agendas** Public Comments: None
10012001-04	Discussion Item	**Opportunity for the public to comment on any matters within the Committee's jurisdiction** Public Comments: None

Adjourn: 5:15 PM

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

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NOTICE AND AGENDA

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OCT 18 2001
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Thursday, October 18, 2001
9:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑ **Call to Order**

❑ **Roll Call**

Commissioner Welch, MD, MPH, Chair
Commissioner Breslin
Commissioner Deignan
Commissioner Heldfond
Commissioner Van Runkle
President Zvanski *(ex officio)*

❑ **10182001-01** **Action Item**

Approval (with possible modifications) of the minutes of the following meeting:

- **Meeting of October 1, 2001**

Documents Provided to Committee prior to meeting: Draft version of the minutes.

Staff Recommendation: Approve draft minutes

Public Comments:

Action:

❑ **10182001-02** **Discussion Item**

Continuation of vendor presentations on plan design, pricing and administrative Issues (all vendors).

Documents Provided to Committee prior to meeting: None

Public Comments:

❑ **10182001-03** **Discussion Item**

Preliminary rating of self-insured benefits:

Plan 1
Pharmacy
Mental Health/Chemical Dependency

Documents Provided to Committee prior to meeting: None

Public Comments:

❑	10182001-04	Discussion Item	**Opportunity to place items on future agendas.** Public Comments:
❑	10182001-05	Discussion Item	**Opportunity for the public to comment on any matters within the Committee's jurisdiction.** Public Comment:

Adjourn

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

Monday, November 5, 2001
3:00 PM

City Hall, Room 408
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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- ❑ **Call to Order**

- ❑ **Roll Call**

  Commissioner Welch, MD, MPH, Chair
  Commissioner Breslin
  Commissioner Deignan
  Commissioner Heldfond
  Commissioner Van Runkle
  President Zvanski *(ex officio)*

- ❑ **11052001-01** **Action Item**

  Approval (with possible modifications) of the minutes of the following meeting:

  - **Meeting of October 18, 2001**

  Documents Provided to Committee prior to meeting: Draft version of the minutes.

  Staff Recommendation: Approve draft minutes

  Public Comments:

  Action:

- ❑ **11052001-02** **Discussion Item**

  Insured plan renewals and pricing of plan design options

  - **HMOs**
  - **Dental plans (including Delta self-insured plan for active employees)**
  - **Vision plan**

  Documents Provided to Committee prior to meeting: None

  Public Comments:

❑ 11052001-03	Discussion Item	**Administrative fee renewals:** • **Beech Street** • **Express Scripts** • **UBH** *Documents Provided to Committee prior to meeting: None* Public Comments:
❑ 11052001-04	Discussion Item	**Opportunity to place items on future agendas.** Public Comments:
❑ 11052001-05	Discussion Item	**Opportunity for the public to comment on any matters within the Committee's jurisdiction.** Public Comment:

Adjourn

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Health Service System
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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

Thursday, November 15, 2001
9:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑ **Call to Order**

❑ **Roll Call**

Commissioner Welch, MD, MPH, Chair
Commissioner Breslin
Commissioner Deignan
Commissioner Heldfond
Commissioner Van Runkle
President Zvanski *(ex officio)*

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❑ **11152001-01** **Action Item**

Approval (with possible modifications) of the minutes of the following meeting:

- **Meeting of November 5, 2001**

Documents Provided to Committee prior to meeting: Draft version of the minutes.

Staff Recommendation: Approve draft minutes

Public Comments:

Action:

❑ **11152001-02** **Discussion Item**

Administrative fee renewals (continued):

- **Beech Street**
- **Express Scripts**
- **UBH**

Documents Provided to Committee prior to meeting:
❶ *Renewal Rates 2002-2003-Beech Street*
❷ *Express Scripts Prescription Drug Program Fees*
❸ *Second Amendment to Express Scripts Managed Prescription Drug Program Agreement*

			UBH Status of Proposed S543 as of October 1, 2001 *Senate Passes Mental health Parity Measure* Public Comments:
❑	11152001-03	Discussion Item	**Preliminary Report on 10-County Survey Results (Towers Perrin)** *Documents Provided to Committee prior to meeting: None* Public Comments:
❑	11152001-04	Discussion Item	**Preliminary rating of self insured plans** • **Plan 1 Medical** • **Plan 1 Pharmacy** • **Plan 1 Mental Health and Chemical Dependency** • **Delta Dental Plans for Employees and Transit Workers** *Documents Provided to Committee prior to meeting: None* Public Comments:
❑	11152001-05	Discussion Item	**Clarification of legal issues (Rebecca Saroyan, Deputy City Attorney)** *Documents Provided to Committee prior to meeting: None* Public Comments:
❑	11152001-06	Discussion Item	**Opportunity to place items on future agendas.** Public Comments:
❑	11152001-07	Discussion Item	**Opportunity for the public to comment on any matters within the Committee's jurisdiction.** Public Comment:

Adjourn

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Monday, December 3, 2001
3:00 PM

City Hall, Room 408
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑ **Call to Order**

❑ **Roll Call**

Commissioner Welch, MD, MPH, Chair
Commissioner Breslin
Commissioner Deignan
Commissioner Heldfond
Commissioner Van Runkle
President Zvanski *(ex officio)*

❑ **12032001-01** **Action Item**

Approval (with possible modifications) of the minutes of the following meeting:

- **Meeting of November 15, 2001**

Documents Provided to Committee prior to meeting: Draft version of the minutes.

Staff Recommendation: Approve draft minutes

Public Comments:

Action:

❑ **12032001-02** **Discussion Item**

Update on 10-County Survey results (Towers Perrin)

Documents Provided to Committee prior to meeting: None

Public Comments:

❑ **12032001-03** **Discussion Item**

HMO rating scenarios

Documents Provided to Committee prior to meeting: None

Public Comments:

❑ 12032001-04	Discussion Item	**Opportunity to place items on future agendas.** Public Comments:
❑ 12032001-05	Discussion Item	**Opportunity for the public to comment on any matters within the Committee's jurisdiction.** Public Comments:

Adjourn

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Thursday, December 20, 2001
9:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑ **Call to Order**

❑ **Roll Call**

Commissioner Welch, MD, MPH, Chair
Commissioner Breslin
Commissioner Deignan
Commissioner Heldfond
Commissioner Van Runkle
President Zvanski *(ex officio)*

❑ **12202001-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • **Meeting of December 3, 2001** *Documents Provided to Committee prior to meeting: Draft version of the minutes.* Staff Recommendation: Approve draft minutes Public Comments: Action:
❑ **12202001-02**	**Discussion Item**	**Plan 1 design and pricing alternatives** *Documents Provided to Committee prior to meeting: None* Public Comments:
❑ **12202001-03**	**Discussion Item**	**HMO rating scenarios** *Documents Provided to Committee prior to meeting: None* Public Comments:

❑	12202001-04	Discussion Item	**Opportunity to place items on future agendas.** Public Comments:
❑	12202001-05	Discussion Item	**Opportunity for the public to comment on any matters within the Committee's jurisdiction.** Public Comments:

Adjourn

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

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DISABILITY ACCESS

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Monday, January 7, 2002
3:00 PM

City Hall, Room 408
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑ **Call to Order**

❑ **Roll Call**

Commissioner Welch, MD, MPH, Chair
Commissioner Breslin
Commissioner Deignan
Commissioner Heldfond
Commissioner Van Runkle
President Zvanski *(ex officio)*

❑ **01072002-01** **Action Item**

Approval (with possible modifications) of the minutes of the following meeting:

- **Meeting of December 20, 2001**

Documents Provided to Committee prior to meeting: Draft version of the minutes.

Staff Recommendation: Approve draft minutes

Public Comments:

Action:

❑ **01072002-02** **Discussion Item**

HMO rating scenarios

Documents Provided to Committee prior to meeting: None

Public Comments:

❑ **01072002-03** **Discussion Item**

Plan 1 pricing and rating scenarios

Documents Provided to Committee prior to meeting: None

Public Comments:

❑	01072002-04	Discussion Item	**Opportunity to place items on future agendas.** Public Comments:
❑	01072002-05	Discussion Item	**Opportunity for the public to comment on any matters within the Committee's jurisdiction.** Public Comments:

Adjourn

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January 07, 2002

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Health Service Board
Rates and Benefits Committee

Minutes
Monday, January 7, 2002
3:00 PM

City Hall, Room 408
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

- Call to Order
- Roll Call

Commissioner Welch, MD, MPH, Chair
Commissioner Breslin

Commissioner Deignan

Commissioner Heldfond, Excused
Commissioner Van Runkle

President Zvanski *(ex officio)*

- 01072002-01 Action Item

Approval (with possible modifications) of the minutes of the following meeting:

· Meeting of December 20, 2001

Documents Provided to Committee prior to meeting: Draft version of the minutes.

Staff Recommendation: Approve draft minutes

Public Comments: None

Action: Moved and seconded by the Committee to approve minutes of December 20, 2001 with recommended amendments. Motion passed 4-0.

- 01072002-02 Discussion Item

Recommendations to the Committee by Dr. Welch

- Maintained importance to focus only on HMOs in lieu of carrying over discussions of Plan 1(from last meeting).

- Extension of the Thursday, January 17, 2002 meeting to 3-hours (9am to 12 noon). More time to discuss ratings on Plan 1, pharmacy, vision care, and dental. If an additional Rates & Benefits meeting is needed in order to meet the February 14, 2002 deadline, a tentative date has been set for January 31, 2002.

- February 4, 2002 meeting will be used to finish all issues and prepare recommendations to present to the full board.

HMO rating scenarios presentation by Mike Kramer

Documents Provided to Committee prior to meeting:

- MOU Pickups: Employee Coverage/Dependent Coverage, attached as Schedule #1.

  - Based upon head counts as presented by the bargaining units as opposed to plan enrollments.

  - Excludes SFUSD and SFCCD who get only charter pickup.

  - Negotiated pickup in an amount of 75% of Kaiser dependent cost.

- HMO Pricing Options, attached as Schedule #2.

  Checklist of 12 scenarios/issues discussed by the Committee with a combination of options to choose from.

- Alternatives in HMO Pricing (Revised January 7, 2002) attached as Schedule #3.Earlier draft of this document was presented to the Committee in December. This updated report contains details and financial impacts of options that are under consideration by the Committee:

- Status quo renewals for Blue Shield, Health Net, and Kaiser for fiscal years 2002-03 and 2001-02 include data for:

  - Additional charter pickups for retirees (other City contributions.

  - Member maximum contributions in absence of any negotiated City pickups.

- 75% Kaiser pickup for members with negotiated pickups equals to 75% of Kaiser's family rate.

- Offering Blue Shield to Retirees

  - Blue Shield currently is not offered to retirees.

  - Rates offered to Medicare retirees are extremely high. Because of the City's contribution strategy, the high rates would not affect the retirees; however, the dependent would have to pay 50% of the cost.

  - Blue Shield offers potential scenario for adding retirees, however, the numbers do not reflect a UDR because there isn't any subsidy for retirees without Medicare and the rates are already separated out.

  - Dr. Welch noted that if the Committee were to ask Blue Shield to offer retirees the UDR in the new plan design in the future, the affect would be a significantly larger difference in some sub groups than others such as the retiree without Medicare (Page 5).

  - Active rates are down for Health Net and Kaiser because those rates are artificially high because of subsidy going to retirees without Medicare.

  - Linda Patron of Blue Shield stated that retirees that are over the age of 65 years are covered in other plans separately and are not included with the active rates. These retirees are covered for Medicare such as COB or PPO. Blue Shield does not have a Medicare risk group plan; therefore, they do not have reduced capitation rates negotiated with IPA or medical groups. Ms. Patron stated that rates are high because quotes that are the same primary Medicare retiree plan is the same as the actives because Blue Shield is using RHMO capitated network. Anyone without Medicare is included with the early retirees (based on experience of early retirees that are not actively employed and do not have Medicare).

- Separate pricing of employees and non-Medicare retirees.

- Data showing the effect of member monthly contributions of separating pricing between employees and non-Medicare retirees.

- Rates for each HMO if under uniform dependent rates.

- Rates for each HMO separate (active employees) dependent rates.

- Treatment of "excess" cost of retirees over 65 without Medicare

- Proposal to isolate the excess cost of providing coverage to retirees over 65 without Medicare.

- Offering a rural EPO

- Proposal to offer a Health Net EPO in certain rural areas, including Hetch Hetchy.

- Replacing Seniority Plus with a Medicare Supplement

- Proposal to replace Seniority Plus with a Health Net Medicare supplement plan.

- Joanne Haggerty of Health Net stated that there are 2 contracts at Medicare with the two vendors, one for the hospital and one with the PPO and implementation will start February 1, 2002 for all clients. Claims will be handled electronically. Clients will be notified of new service.

- Rating Alternatives/July 1, 2002(HMOs) attached as Schedule #4. 12 scenarios of each plan (2 pages each) with following review of issues under consideration by the Committee:

- plan design options; full premium rates, monthly contribution and data concerning current status quo, minimal cost.

- Options 1-2-3 are different pharmacy benefits (page 14 of Schedule 3 gives more info)

- Options 4-5-6 rates were not changed for the retirees

- Options 7-8-9 the office co-pay was not changed.

- Appendix A- Blue Shield

- Appendix B- Health Net

  - Demonstrates the combined effect of the UDR and the surcharge.

  - Includes effect of eliminating subsidy for retirees over 65 without Medicare.

- Appendix C-Kaiser

Committee Recommendations for Review

- Dr. Welch recommended an incentive for using erectile dysfunction (ED) like CalPERS (which has a $50 dollar deductible) in as many scenarios as possible. This would deter inappropriate use of ED.

- $10 office visit

- Pharmacy deductible-no change

- Would consider $10/$10/$20, $10/$15/$25

- Pharmacy co-payments for HMO benefit design changes under consideration:

- Blue Shield- $5/$10/$25

- Health Net- $5/$10/$25 and $10/$15/$25

- Kaiser-$10/$10 and $10/$20

- Keep in the transgender and current scenario

- Mike Kramer gave corrections to proposal to eliminate or change infertility benefit (current), page 19 of Schedule #3:

  - Health Net gives 3 life treatments per plan year

  - Kaiser is 1 GIFT per life.

Public Comments: Eugene Spakes, expressed

concern about the effect of the transgender benefit to the City Plan. And what is the cost of erectile dysfunction.

Greg Lynch of the SF Police Office Association questions regarding formulary cost and out of state non-emergency care.

- 01072002-03 Discussion Item Plan 1 pricing and rating scenarios

  Documents Provided to Committee prior to meeting: None

  Public Comments: None

- 01072002-04 Discussion Item Opportunity to place items on future agendas.

  Rebecca Saroyan announced that Supervisor Mark Leno has resigned from the Health Service Board a few weeks ago and submitted his resignation letter to Supervisor Amimano. Commissioner Zvanski will follow-up on when the Board can expect a replacement.

  Public Comments: None

- 01072002-05 Discussion Item Opportunity for the public to comment on any matters within the Committee's jurisdiction.

  Public Comments: None

Adjourn 5:05 PM

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Thursday, January 17, 2002
9:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

01-16-02A10:56 RCVD

❑ **Call to Order**

❑ **Roll Call**

Commissioner Welch, MD, MPH, Chair
Commissioner Breslin
Commissioner Deignan
Commissioner Heldfond
Commissioner Van Runkle
President Zvanski *(ex officio)*

❑ **01172002-01** **Action Item**

Approval (with possible modifications) of the minutes of the following meeting:

- **Meeting of January 7, 2002**

Documents Provided to Committee prior to meeting: Draft version of the minutes.

Staff Recommendation: Approve draft minutes

Public Comments:

Action:

❑ **01172002-02** **Discussion Item**

Plan 1 pricing and rating scenarios, including pharmacy benefit

Documents Provided to Committee prior to meeting: None

Public Comments:

❑ **01172002-03** **Discussion Item**

HMO rating scenarios

Documents Provided to Committee prior to meeting: None

Public Comments:

❑	01172002-04	Discussion Item	**Opportunity to place items on future agendas.** Public Comments:
❑	01172002-05	Discussion Item	**Opportunity for the public to comment on any matters within the Committee's jurisdiction.** Public Comments:

Adjourn

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Department of Human Resources

January 17, 2002

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Health Service Board
Rates and Benefits Committee

MINUTES
Thursday, January 17, 2002
9:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Call to Order

Roll Call

Commissioner Welch, MD, MPH, Chair
Commissioner Breslin

Commissioner Deignan

Commissioner Heldfond
Commissioner Van Runkle

President Zvanski *(ex officio)*

01172002-01 Action Item

Approval (with possible modifications) of the minutes of the following meeting:

· Meeting of January 7, 2002

Documents Provided to Committee prior to meeting: Draft version of the minutes.

Staff Recommendation: Approve draft minutes

Public Comments: None

Action: Motion was moved and seconded by the Committee to approve minutes with recommended amendments. Motion passed 5 to 0.

Meeting Comments from Dr. Welch

Dr. Welch stated that she will need to be excused at noon and she will have one of the commissioners act as Chair in her absence, if a quorum is still valid.

- There will not be a Rates and Benefits Committee meeting on January 31, 2002.

- Reminder to the public that the rules of public commentary are written at the end of the meeting agenda and

- Public comment is limited to 3 minutes.

- The Committee accepts public comments after each agenda item.

- Public commentary should be consistent with the item discussed by the Committee.

- A member may comment on any matter within the Committee's jurisdiction at the designated time at the end of the meeting concerning only the Rates and Benefits Committee, not the full Board issues.

- A reminder to the commissioners that they are to hear the public comments and it is not necessary to respond or answer questions at that time.

- Dr. Welch encouraged the public to fill out the speaker forms (give forms to the Commission Secretary). This would assist the Committee in their efforts to follow-up various issues of concern presented by the public.

01172002-02 Discussion Item Plan 1 pricing and rating scenarios, including pharmacy benefit. Presentation is by Lael Byrnes of Express Scripts.

- 2002/03 Plan Design Options/San Francisco Health Service System Fund, attached as Schedule #1.

- Plan trends cost per member/ history and future projection up to fiscal year July 2003-June 2004.

- Plan trends cost share level from July 1999 to July 2003-June 2004. Plan cost per member under the total book of business by Express Scripts is $381.17.

- Total plan cost per member for active and retired employees of the City Health Plan (CHP) is $899.88.

- Total plan cost per member for retirees that are over 65 years of age for CHP is $1100 ($100 dollars more than Express Script).

- Total plan cost per member for retirees under the age of 65 years of age in the CHP is $791.99.

- Cost share percentage for total book business is 22% for total member population and employee cost per share (per October 1st report) is 29%.

- All of these statistics are a reflection of the last plan year, which included a deductible.

- The current plan year does not include a deductible (deductible was removed).

- Roland Mittica of Towers Perrin stated that the reasons Express Script and CHP percentages are similar but CHP costs are higher is because of the number of scripts per person. The City Health Plan has 50% more scripts than Express Script.

- Current plan design (2-tier) has no deductible, has no formulary issues (non- formulary brand does not differ in retail for mail order to members), and the network includes Walgreen.

- Average Wholesale Price of the drug (AWP) from a pharmacy is cheaper without Walgreen in the network. There is a 1% of retail claim cost across the board offered with the removal of the Walgreen competition. Walgreen has a network and refuses to meet Express Scripts' pricing. As a result of adding Walgreen to the network, pharmacies refuse to offer a good AWP discount saving.

- Summary of Member Impact Analysis- Members Currently Utilizing Drugs on 3rd Tier, attached as Schedule #2.

- This report is based on claims data of January 1, 2001 through June 30, 2001.

- Therapeutic classes listed in report are the only classes that have any utilization on non-preferred products, based on past utilization.

- San Francisco Health System Fund-plan Design Models and Cost Estimates/Design Options, attached as Schedule #3.

Plan Design Options Presentation by Mike Kramer of Towers Perrin.

- Alternatives in Plan 1 Pricing, Revised report dated January 17, 2002 attached as Schedule #4.

- Updated report that contains plan design changes and financial impact.

- Plan 1 Pricing Options attached as Schedule #5.Summary form of variables and options available.

- Rating Alternatives for Blue Shield as of July 1, 2002, Appendix A attached as Schedule #6.

- Rating Alternatives for Health Net as of July 1, 2002, Appendix B attached as Schedule #7.

- Rating Alternatives for Kaiser as of July 1, 2002, Appendix C attached as Schedule #8.

- Rating Alternatives for Plan 1 as of July 1, 2002, Appendix D attached as Schedule #9. Error in the report regarding the current plan year of 2000-2001and should be corrected to show as 2001-2002 from pages D1-D4.

- Appendix A, Plan 1 Proposed Rating Scenarios for July 1, 2002-June 30, 2003 attached as Schedule #10.

Committee Comments Regarding Appendix D

- After much discussion, the commissioners agreed to carry forward for further discussion the following scenarios of Appendix D: current (2001-2002), P1-10, P1-13, P1-14, Pl-16, and Pl-17.

- Determine difference between the $25 and $50 dollar deductibles in Pl-4 and Pl-7 and consider changing pharmacy co-pay to $10/ $20.

- Adjustment of hearing aid from $2,500 per ear for 36 months to a $2,500 maximum benefit for either or both ear.

- Look at a scenario Pl-4 without infertility and transgender.

Public Comments:

- Jerry De Ryan, retiree, expressed concern that the Committee will remain focus regarding the effects and impacts the

various scenarios will have on the retirees.

- Diane Hermann of City Retirees Association comment about the cost of infertility benefits to retirees (a benefit that they are not eligible for) in Plan 1 alternative pricing and the impact of various scenarios to the retiree.

- John Lehane of the Veteran Police Officers' Association, expressed concern regarding the mounting pharmacy cost for prescriptions and health care benefits to the retirees.

- Juanita Contrears, retiree stated that Express Scripts is not using cost effective packaging in medicine distribution and commented on the cost of medication.

Dr. Welch left meeting for another appointment and Commissioner James Deignan acted as Chair.

- Michelle Reyes yielded her time to Diane Hermann for comments regarding pharmaceutical issues and the impact of the3-tier benefit to the retirees.

- Ray Mason, President of the Retirees Association, stated that adding a deductible and a 3-tier benefit, and raising the co-pay would have a disastrous impact to retirees.

- John Madden, retiree, commented about the impact of raising the cost of the deductible and the effects of retirees that are on minimal income and suggested a penalty assessment in the rates against HMOs that red line members and force them into Plan 1.

- Greg Lynch of the SF Police Officers' Association suggested the Committee should consider an additional benefit that will further reduce the cost of pharmacy benefits to the retirees and present current problems with Medicare pharmacy benefit plan to the federal government.

James Deignan was excused and Scott Heldfond allowed one more public commentary before dismissing the meeting.

- Harry Paretchan, retiree, recommended elimination of the infertility and

transgender benefits and the effects on the trust fund, and the elimination of the $50 deductible.

01172002-03 Discussion Item HMO rating scenarios

Deferred to next meeting.

Public Comments: None

01172002-04 Discussion Item Opportunity to place items on future agendas.

- HMO rating scenarios

Public Comments: None

01172002-05 Discussion Item Opportunity for the public to comment on any matters within the Committee's jurisdiction.

Public Comments: None

Adjourn: 11:40 AM

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

Monday, February 4, 2002
3:00 PM

City Hall, Room 408
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

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02-04-02A09:37 RCVD

❑ **Call to Order**

❑ **Roll Call**

Commissioner Welch, MD, MPH, Chair
Commissioner Breslin
Commissioner Deignan
Commissioner Heldfond
Commissioner Van Runkle
President Zvanski *(ex officio)*

❑ **02042002-01** **Action Item** **Approval (with possible modifications) of the minutes of the following meeting:**

- **Meeting of January 17, 2002**

Documents Provided to Committee prior to meeting: Draft version of the minutes.

Staff Recommendation: Approve draft minutes.

Public Comments:

Action:

❑ **02042002-02** **Action Item** **Discussion and possible recommendations to the full Board concerning HMO rates and benefits for fiscal year 2002-2003.**

Documents Provided to Committee prior to meeting: Rating Alternatives – HMOs; Offering Blue Shield to Retirees.

Staff Recommendation: None

Public Comments:

Action:

❑ 02042002-03	Action Item	**Discussion and possible recommendations to the full Board concerning City Health Plan rates and benefits for fiscal year 2002-2003.** *Documents Provided to Committee prior to meeting: Summary of Plan 1 Options.* Staff Recommendation: None Public Comments: Action:
❑ 02042002-04	Action Item	**Discussion and possible recommendations to the full Board concerning Dental Plan and Vision Plan rates and benefits for fiscal year 2002-2003.** *Documents Provided to Committee prior to meeting: Summary of VSP Renewal; Summary of Dental Renewal.* Staff Recommendation: None Public Comments: Action:
❑ 02042002-05	Action Item	**Discussion and possible recommendations to the full Board concerning Medicare enrollment and assignment.** *Documents Provided to Committee prior to meeting: Document entitled Medicare-Issues with Respect to Retirees over 65 or Disables Enrollees.* Staff Recommendation: None. Public Comments: Action:
❑ 02042002-06	Discussion Item	**Opportunity to place items on future agendas.** Public Comments:
❑ 02042002-07	Discussion Item	**Opportunity for the public to comment on any matters within the Committee's jurisdiction.** Public Comments:

Adjourn

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Tuesday, October 22, 2002
9:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

- **Call to Order**

- **Roll Call**

  Commissioner Deignan, Chair
  Commissioner Breslin
  Commissioner Welch, MD, MPH
  Commissioner Heldfond
  Commissioner Van Runkle
  President Zvanski *(ex officio)*

❑ 10222002-01	Discussion Item	**Rates and Benefits Timetable** *Documents Provided to Committee prior to meeting:* 2003-2004 *Rates and Benefits Meeting Calendar.* Public Comments:
❑ 10222002-02	Discussion Item	**Plan Design Ideas From Interested Parties** *Documents Provided to Committee prior to meeting:* None Public Comments:
❑ 10222002-03	Discussion Item	**Opportunity To Place Items On Future Agendas.** Public Comments:
❑ 10222002-04	Discussion Item	**Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.** Public Comments:

Adjourn

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Department of Human Resources

October 22, 2002

Health Service Board
Rates and Benefits Committee
Minutes

Tuesday, October 22, 2002
9:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

q Call to Order 9:08 AM
q Roll Call

Commissioner Deignan, Chair
Commissioner Breslin

Commissioner Welch, MD, MPH (Present during Items #3 & #4)

Commissioner Heldfond
Commissioner Van Runkle

President Zvanski *(ex officio)*

q 10222002-01 Discussion Item **Rates and Benefits Timetable**

§ Board received the 2003-2004 Rates and Benefits Meeting Calendar. This is attached as **Schedule #1** and revised detailed agenda for the City & County of San Francisco Planned 2002-03 Rates and Benefits Committee Meetings, attached as **Schedule #2.**

Public Comments: None

q 10222002-02 Discussion Item **Plan Design Ideas From Interested Parties**

§ Chair Deignan announced that the purpose for this meeting is to allow the public, as well as the vendors and the HMOs, an opportunity to offer ideas of improvement of the Plan 1 design to the Rates and Benefits Committee.

§ Lael Byrne, of Express Scripts, distributed to the Committee the San Francisco Health Service System Fund Prescription Drug Plan, attached as **Schedule #3**. This document will be reviewed by the Committee and discussed in detail at the November 12, 2002 Rates and Benefits Committee meeting.

§ Commissioner Heldfond requested that all documents be presented to the Committee in a timely fashion prior to the meeting. It is important for the Commissioners to be able to review the materials presented by each vendor/HMO before being able to discuss them at the committee meetings.

Rates & Benefits Overview, Norms and Issues Presentation by Mike Kramer of Towers Perrin

§ Draft financial statements from Health Service System are consistent with the Towers Perrin's financial report. As a result, the condition of the trust fund can easily be assessed.

§ Highlights of a preliminary study/rating of Plan 1 through September and projected cost increase for next year are as follows:

- Rate increase premium of Plan 1 (total cost per person) 15%-20%. The 10-County amount must go up 25%-30% in order to hold the employee contribution amount "flat."

- Based upon Will Lee's preliminary financial statement, the trust fund has $26.3 million in surplus as of June 30, 2002. This amount is over and above liabilities of claims incurred but not reported (IBNR) ($15 million) and over and above the extra reserve calculated for unforeseen contingencies ($9.7 million). These IBNR reserves represent 6 months of medical, 4 months for dental, and 2 months for pharmacy.

- This is a $3 million subsidy rating for Plan 1from the trust fund for fiscal year 2002-03.

- There was a $2.3 million increase of Delta Dental plan claims that are funded through the trust fund during fiscal year 2001-02.

§ Mr. Kramer stated that it is possible to argue that the reason for the surplus of $26.3 million in the trust fund is because members were overcharged or because Plan experience was more favorable that what was rated.

§ Commissioner Heldfond stated that the $26.3 million surplus could be attributed to improper financial reporting which resulted in misreading of balances to maintain reserves, better Plan experience, gap dollars and HMO experience.

§ Rebecca Saroyan requested that the transgender benefits status report be discussed at the next Rates and Benefits Committee meeting (November 12, 2002).

§ Chair Deignan requested the following Plan design be priced by Towers Perrin:

- A reduction in out-of-pocket expenses for Plan members.

- A reduction in the deductibles.

- Because of the surplus in the trust fund, maintain the rates as they are currently.

- Study the pharmacy benefit and make adjustment in co-payments.

§ Commissioner Breslin requested the following ideas for Plan 1 design:

(1) Lower the deductible because a lot of the members do not use Plan 1 because they have Medicare as their primary plan.

(2) Standardization of the benefits of the HMOs and Plan 1.

(3) HMO contracts renewed for more that 1year for membership stability.

(4) HMO contracts that guarantee retirees that they will not pull out of counties and if they do charge the HMO a surcharge for putting members into the City Plan.

(5) Proposed a study of Express Scripts' Pharmacy Benefits Manager.

(6) The cost of Orthotics (i.e. shoe inserts, leg braces, etc)

(7) Dental-Orthodonture for members under 65 and for their dependents. Cost for dental-mouth guards.

§ Mike Kramer reminded the Board that Towers Perrin is not the defender of the "status quo" (they do not vote) and that they (Towers Perrin) fulfill requests from the Committee to analyze the design of Plan 1.

§ Commissioner Aleeta Van Runkle requested holding the HMO rates (membership contributions) at "status quo."

Public Comments:

§ Mr. Julian Low of the Mayor's Budget Office requested that the Committee considers reducing the dental rates and that the reduction would save the City some money.

§ Nancy Gin, retiree, requested support of Commission Breslin's request for audit of Express Scripts.

§ Jean Thomas of the Retirees' Association, expressed the following concerns:

- The $250 deductible is too high for retirees. Medicare is the primary plan and the retirees pay the remaining out-of-pocket expenses.

- Requested a Beech Street mail order pharmaceutical comparison with the Canadian mail order prices (which is less).

- Orthodontic relief for retirees with dependents, hearing aid improves.

§ Diane Hermann, retiree, requested that the Committee consider the following:

- Implement a study to determine the reason for the surplus in the trust fund. Cautioned the Committee to be careful and "not to spend something if you are not sure you have it."

- All enhancements to Plan 1 should be sufficiently conservative so that they are sustainable.

- Avoid catastrophic expenses.

- Reduce co-pay without causing over utilization of benefit.

Time Frame Set for Public Comments

§ Commissioner Heldfond introduced a motion that the remainder of the Rates and Benefits process, as discussed in the agenda, is subject to public comment limits. Commissioner Van Runkle seconded the motion.

§ Chair Deignan stated that the length of the public comment conforms to the current agenda for everyone to come forward with their ideas and recommendations for the design of Plan 1. However, he would not mind having a set time frame in the future meetings.

§ Rebecca Saroyan stated that the rules and regulations state that the (public) speaker's time limit is 2 or 3 minutes and a staff person or the Commission Secretary sets the time signal. The Committee may, for the record, vote to adopt and enforce this rule for future Rates and Benefits meetings.

Action:

Moved and seconded by the Committee to set a time frame of 2 or 3 minutes for all future Rates and Benefits meetings. Motion failed 3 to 2.

Lael Byrne, Express Scripts

§ Requested that the Committee allow her more time on the agenda for the November 12, 2002 Rates and Benefits meeting so that issues raised by the retirees regarding pharmacy audits, average wholesale discounts etc., can be discussed.

§ Clarification that the CCSF City Plan does not currently have a formulary because it does not have a 3-tier plan.

§ Express Scripts welcomes an external audit of the plan. Internal audits by Express Scripts are available to the Committee for review.

§ Express Scripts is not affiliated with a pharmaceutical company.

Committee Comments

§ Claire Zvanski received a letter from former commissioner, Harry Paretchan, regarding Plan 1 design ideas:

1) Affordable pharmacy/reduced co-payment

2) Holding/lower the rates of Plan 1.

3) Reducing deductibles from $250 to $100 and reduce out-of-pocket expenses.

q 10222002-03 Discussion Item

OpportunityTo Place Items On Future Agendas.

§ Dr. Welch stated that because of other commitments, she would not be able to attend some of the Rates and Benefits meetings (11/12/02 and 02/25/03) and will be approximately one hour late at the rest of the meetings. She requested that the Committee should consider rescheduling the date and/or the time of some of the Rates and Benefits meetings. Meanwhile, she will submit the time that she is available to the Commission Secretary.

Commissioner Breslin added the following requests to the agenda for November 12, 2002 meeting:

§ Complications and cost of fertility in the transgender benefit.

§ HMO contract (2-3 years)

§ Audit of Express Scripts

§ Comparing cost between Canadian.com pharmaceutical to Express Script.

§ Utilization of all new benefits and their impact on the trust fund.

§ Cost of Orthotics (i.e. shoe inserts, leg braces)

§ Dental-Orthodonture for members under 65 years of age and for their dependents. Cost for dental-mouth guards.

CalPERS Long Term Care Enrollment Information

§ Mike Kramer and the Committee agreed that CalPERS is a separate and larger (global) entity in comparison to Plan 1. Therefore, any CCSF retiree and active member that is interested in joining CalPERS long term care plan should call them personally and request information regarding rates and open enrollment.

Public Comments: None

q	10222002-04	Discussion Item	**Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.**

Public Comments:

- Dr. Welch thanked everyone for their concern and thoughtfulness during her absence and that she is happy to be back at work.

Adjourn: 10:20 AM

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2003-2004
RATES & BENEFITS COMMITTEE
MEETING CALENDAR

CITY HALL
1 DR. CARLTON B. GOODLETT PLACE
SAN FRANCISCO, CA 94102

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REVISED TIME

TUESDAY, NOVEMBER 12, 2002 10 AM TO 2 PM HEARING ROOM 416
TUESDAY, NOVEMBER 26, 2002 10 AM TO 2 PM HEARING ROOM 416
MONDAY, DECEMBER 9, 2002 10 AM TO 2 PM HEARING ROOM 416
TUESDAY, DECEMBER 17, 2002 10 AM TO 2 PM HEARING ROOM 416
MONDAY, JANUARY 13, 2003 10 AM TO 2 PM HEARING ROOM 416
TUESDAY, JANUARY 28, 2003 10 AM TO 2 PM HEARING ROOM 416
MONDAY, FEBRUARY 10, 2003 10 AM TO 2 PM HEARING ROOM 416
TUESDAY, FEBRUARY 25, 2003 10 AM TO 2 PM HEARING ROOM 416

Department of Human Resources/Health Service System Division

Health Service System
1145 Market Street
San Francisco, CA 94103

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10/22/02 - 2/25/03
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2003-2004
RATES & BENEFITS COMMITTEE
MEETING CALENDAR

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CITY HALL
1 DR. CARLTON B. GOODLETT PLACE
SAN FRANCISCO, CA 94102

TUESDAY, OCTOBER 22, 2002 9 AM TO 1 PM HEARING ROOM 416
TUESDAY, NOVEMBER 12, 2002 9 AM TO 1 PM HEARING ROOM 416
TUESDAY, NOVEMBER 26, 2002 9 AM TO 1 PM HEARING ROOM 416
MONDAY, DECEMBER 9, 2002 9 AM TO 1 PM HEARING ROOM 416
TUESDAY, DECEMBER 17, 2002 9 AM TO 1 PM HEARING ROOM 416
MONDAY, JANUARY 13, 2003 9 AM TO 1 PM HEARING ROOM 416
TUESDAY, JANUARY 28, 2003 9 AM TO 1 PM HEARING ROOM 416
MONDAY, FEBRUARY 10, 2003 9 AM TO 1 PM HEARING ROOM 416
TUESDAY, FEBRUARY 25, 2003 9 AM TO 1 PM HEARING ROOM 416

Department of Human Resources/Health Service System Division
1145 Market Street, Suite 200
San Francisco, Ca 94103

HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

Tuesday, November 12, 2002
10:00 AM
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

REVISED

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- ❑ **Call to Order**
- ❑ **Roll Call**

Commissioner Deignan, Chair
Commissioner Breslin
Commissioner Heldfond
Commissioner Van Runkle
Commissioner Welch, MD, MPH
President Zvanski *(ex officio)*

❑ ❑1122002-01 **Action Item**

Approval (with possible modifications) of the minutes of the following meeting:

- **Meeting of October 22, 2002**

Documents Provided to Committee prior to meeting:
Draft version of the minutes.

Staff Recommendation: Approve draft minutes

Public Comments:

Action:

❑ 11122002-02 **Discussion Item**

Transgender, Infertility and Hearing Aid Benefits Status Report (City Health Plan and HMO Update)

Documents Provided to Committee prior to meeting:
None

Public Comments:

❑ 11122002-03 **Discussion Item**

Discussion of Plan Design, Pricing and Administrative Issues (City Health Plan Vendors: Beech Street, Express Scripts and UBH; HMOs; Vision Service Plan; and Dental Vendors)

Documents Provided to Committee prior to meeting:

- *Express Scripts-San Francisco Health Service System Fund/Prescription Drug Plan/City Health Plan (11/12/02).*

		▪ *Express Scripts-San Francisco Health Service System Fund Prescription Drug Plan (10/22/02).* ▪ *Blue Shield of California-HMO Renewal for July 2002-2003.* Public Comments:
❑ **11122002-04**	**Discussion Item**	**Opportunity To Place Items On Future Agendas.** Public Comments:
❑ **11122002-05**	**Discussion Item**	**Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.** Public Comments:

Adjourn

SUMMARY OF HEALTH SERVICE SYSTEM RULES REGARDING PUBLIC COMMENT

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Department of Human Resources

November 12, 2002

Health Service Board
Rates and Benefits Committee
Minutes

Tuesday, November 12, 2002
10:00 AM
City Hall, Room 416

1 Dr. Carlton B. Goodlett Place

San Francisco, CA 94102

q **Call to Order: 10:00 AM**
q **Roll Call**

Commissioner Deignan, Chair
Commissioner Breslin

Commissioner Heldfond
Commissioner Van Runkle

Commissioner Welch, MD, MPH, Excused

President Zvanski *(ex officio)*

q q1122002-01 **Action Item** **Approval (with possible modifications) of the minutes of the following meeting:**

· **Meeting of October 22, 2002**

Staff Recommendation: Approve draft minutes

Public Comments: None

Committee Comments

§ Commissioner Karen Breslin reminded the Committee and the public to be

sure and speak into the microphones so that the public can hear them. Speakers asked told to clarify their presentations by not using acronyms.

Action: Motion was moved and seconded by the Committee to approve the minutes of October 22, 2002 with recommended amendments. Motion passed 5 to 0.

q 11122002-02 **Discussion Item** **Transgender, Infertility and Hearing Aid Benefits Status Report (City Health Plan and HMO Update)**

Roland Mittica ofTowers Perrin

§ The Committee received from the *CCSFCityHealth Plan Experience on Specified Benefits-7/1/01 to 6/30/02*. This document is attached as **Schedule #1**. An estimated cost for premium, paid claims and paid loss/ratio for the fiscal year ending 6/30/02 are given for the transgender and hearing aid benefits. It was not possible to track infertility benefits due to the lack of specific coding for expenses. The HSS system (WANG) is designed to recognize procedure codes versus diagnosis codes.

§ The Committee also received from Express Scripts the CCSF City Health Plan-Lifestyle Drugs for 7/1/01 to 6/30/02. This document is attached as **Schedule #2**. This is survey of patients (actives, retirees under and over 65) and the total cost for the following drugs: impotence, cosmetic, infertility, contraceptives, vitamins, weight loss and smoking cessation.

§ Expenses for infertility (actives only) for fiscal year ending 6/30/02 is very small.

HMO/Transgender, Hearing Aid, and Infertility Progress Reports

Health Net - Joanne Haggerty

§ Health Net, Kaiser, and Blue Shield have filed jointly for counsel with the Department of Managed Health Care. Pending issues are: travel and lodging, adequate network, and maximum waiting period.

§ Health Net's status for rating is to wave the $50,000 maximum and not have a waiting period. Network includes recommended physicians from the Gender Identity Disorder (GID) Taskforce, pending signed contracts by the November 15, 2002 deadline.

§ Health Net is a dual shared risk network, therefore, they are unable to obtain accurate data regarding the infertility and hearing aid benefits.

Blue Shield -Linda Patron

§ Blue Shield's counsel has filed jointly with other HMOs (Health Net and Kaiser) with the Department of Managed Health Care. Rates regarding transgender benefits are contingent upon parity with all carriers.

§ Network includes physicians from the GID taskforce. They have been contacted and contracts should be signed by December 1, 2002.

§ As of July 1, 2002 (Blue Shield's start date), cost design included hearing aid coverage for retirees (132). Report

showed that Blue Shield paid out no benefits and the City Health Plan paid one surgery complication.

§ Too early to make an accurate report on the utilization of the infertility benefit.

Kaiser Permanente-Jane Fronk

§ Jane Fronk agreed with the prior HMOs regarding the importance of consistency and parity across the board during their coordinated filing with the Department of Managed Health Care (DMHC). Under Kaiser, infertility is supplemental (not a mandated requirement) and transgender considered an expanding benefit (a medical service).

§ Implementation date for transgender surgery is July 1, 2003 and is contingent upon final DMHC approval of plan design.

§ Utilization of infertility benefit is heavy.

§ Hearing aid data is difficult to track because it is sub-contracted outside of Kaiser.

Transgender Benefit Recommendation -Rebecca Saroyan, City Attorney

§ Rebecca Saroyan stated the importance of the HMOs' to propose an alternative per lifetime cap maximum (i.e. $75,000 or $100,000) cost for coverage of transgender claims like those set for transplants etc. prior to the counsel meeting with the Dept. of Managed Health Care. The purpose of this cap would be to help contain the out of pocket cost to members.

q 11122002-03 **Discussion Item**

Public Comments: None

Discussion of Plan Design, Pricing and Administrative Issues (City Health Plan Vendors: Beech Street, Express Scripts and UBH; HMOs; Vision Service Plan; and Dental Vendors)

Towers Perrin, Mike Kramer

§ The Committee received the *CCSF July 1, 2003 Renewals Checklist and Status Report*, attached as **Schedule #3**. The purpose of this report is to keep track and provide an overview of the initial premium and fee renewals of the HMOs (Health Net, Blue Shield, and Kaiser). This report will be updated by Towers Perrin and presented to the Committee at each meeting.

Beech Street, Amy Norland

§ Beech Street *Renewal Rates for 2003-2004 for the City and Countyof San Francisco, Health Service System Fund* was distributed to the Committee. This letter to Mike Kramer of Towers Perrin, dated 11/07/02, is attached as **Schedule #4**. The service and the new rate as of July 1, 2003 for existing businesses and any new business are listed.

§ Rate for the Physician Review was reduced by $5.00 per hour.

§ Rebecca Saroyan requested a comparison between the old rates and the new 2003-04 rates (currently shows a 9.2% increase) of the businesses listed in the renewal letter to Towers Perrin (Schedule #4).

Express Scripts, Lael Byrne

§ As of July 1, 2003, Express Scripts' administrative renewal

fee will decrease by 27.3% and is based on a 3-year guarantee (Page 2 of Towers Perrin's Checklist).

§ Per the request of the Committee, additional details regarding the components of this fee and the rates for the next 3 years will be provided at the next meeting. Express Scripts' current contract will expire June 30, 2003.

United Behavior Health (UBH), Sharon Fusco

§ Current ASO rate is $3.31 and there are no plans to increase the rate during the next plan year. Focus will remain on increasing the level of customer service.

Vision Service Plan (VSP)- Janet Finley

§ As of July 1, 2002, VSP renewal contract agreement is for 2 years. The premium rate to the Health Service System was lowered to 7%. There are no recommendations (by VSP) to make any changes for this plan year.

Delta Dental, Rhett Davis

§ Insured rates for the PMI/Delta Plan and for the retirees are guaranteed through 2004.

§ Renewal rates for the active members are good until July1, 2003 and renewal recommendations have been submitted to Towers Perrin for review and are currently being negotiated.

§ Cost/rate impact and claims report regarding mouth guards for all members and a cost design plan for orthodontics for dependents of

retirees will be submitted to Towers Perrin as part of the renewal recommendation for fiscal year 2004.

Pacific Union-No representative present

§ Mike Kramer of Towers Perrin stated that he received this morning by mail, a package containing the renewal recommendation for actives and retirees from Pacific Union. The renewal consisted of a 2-year guarantee with a 6% rate increase. No recommendations are being presented at this time.

Renewal Presentations-2003-2004

Health Net, Joanne Haggerty

§ A letter to the Health Service Board, dated November 12, 2002, regarding the 2003 renewal submission and Health Net's value programs currently offered and being developed for future use. This is attached as **Schedule #5**.

§ Committee received Health Net's *Renewal Effective July 1, 2003*. This is attached as **Schedule #6**. HMO active/early retiree/over 65 with no Medicare will increase to 22.70%. Medicare COB will increase to 11.20%. Renewal report includes details (effective July 1, 2003) regarding: alternative benefit options, EPO offering, Gender Identity Disorder (GID), benefit changes, disease management programs, internet capabilities, and preventive health programs.

Kaiser Permanente, Jane Fronk

§ Committee received the CCSF Health Service System 2003-04 Renewal, attached as

Schedule #7.

§ CCSF Health Service System 2003-04 increase (does not include transgender benefit costs) are: actives -16.4%, 17.35% for non-Medicare retirees and 44% for Medicare retirees.

§ A detailed Power Point presentation of the following subjects:

- Healthcare costs that continue to rise due to key cost drivers.

- Core long term cost driver/chronic health conditions of an aging population.

- Integrated delivery system/results with chronic disease

- Performance disease management

- Preventative care

- Rate breakdown for the Health Service System

- Component values of alternative benefits

- Statement regarding multi-year rate guarantee (not offered).

- Transgender benefit update

- Discussion/decision issues for 2003-04

- Contract Changes

Blue Shield of California-Linda Patron

§ CCSF Health Service System Access + HMO Plan Renewal, July 2003-2004,

attached as **Schedule #8**.

§ Rate increase of 31.30% for active and early retirees (based on utilization), 31.82% for retirees over 65 (based on manual rates).

§ Power Point presentation included details regarding:

- Renewal basis
- Mandated changes
- Benefit option cost
- Added value programs
- Health management programs
- Physician communication
- Life Path advisers
- Quality Programs
- Transgender benefit update

Express Scripts, Lael Byrnes

§ Clarification that lifestyle drugs listed for the City Health Plan (Schedule #9) may be considered medically necessary drugs by the employer (i.e. infertility).

§ Express Scripts can offer a lifetime maximum to the infertility benefit if the employer is interested.

§ *Express Scripts-San Francisco Health Service System Fund Prescription Drug Plan (10/22/02)*, attached as **Schedule #9**.

§ Highlights include discussions regarding

- Plan Design Review /3-Tier Plan Design Options

- Clinical Program Opportunities

- Injectible Drug Program/Express Scripts Specialty Care (ESSC)

- Lifestyle Drugs/Drugs Going Off Patent

- Express Scripts is very involved with Leap Frog group.

§ Per request of the Committee, Lael Byrne will provide a list of clinical programs and the cost of the administrative fee and a list of clinical programs that are free.

§ The Committee received the *San FranciscoHealth Service System Fund/Prescription Drug Plan/City Health Plan (11/12/02)*. This document is attached as **Schedule #10**. Highlights of this plan are:

- Current Plan Design 7/1/01 to 6/30/02-No formulary or non -formulary provided

- Mandatory Generic Provision/definition and how it works.

- Canadian Drug Cost vs. City Health Plan Member Cost. FDA prohibits Americans from purchasing Canadian drugs (it is against current federal law).

Public Comments: None

q 11122002-04	Discussion Item	OpportunityTo Place Items On Future Agendas.

q 11122002-05	Discussion Item	Public Comments: None **Opportunity For The Public To Comment On Any Matters Within The Committee's Jurisdiction.** § Chair Deignan reminded everyone that the next Rates and Benefits Committee meeting and copies of the schedule are available for the public. The Health Service Board will meet on Thursday, November 14, 2002, at 1 PM, in Hearing Room 416. Public Comments: § John Madden recommend an audit of Express Scripts and surcharge placed on HMOs that redline certain areas and pull out their services. Standardize coverage for elective procedures across the board and surcharge placed on the HMO that does not offer coverage for elective procedures.

Adjourn: 12:52 PM

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Tuesday, November 26, 2002
10:00 AM
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑ **Call to Order**

❑ **Roll Call**

Commissioner Deignan, Chair
Commissioner Breslin
Commissioner Heldfond
Commissioner Van Runkle
Commissioner Welch, MD, MPH
President Zvanski *(ex officio)*

❑ **11262002-01** **Action Item**

Approval (with possible modifications) of the minutes of the following meeting:

- **Meeting of November 12, 2002**

Documents Provided to Committee prior to meeting: Draft version of the minutes.

Staff Recommendation: Approve draft minutes

Public Comments:

Action:

❑ **11262002-02** **Discussion Item**

Continuation of vendor presentations on design, pricing and administration (City Health Plan Vendors: Express Scripts, Beech Street and UBH); HMO's; Dental Vendors)

Documents Provided to Committee prior to meeting: None

Public Comments:

❑ **11262002-03** **Discussion Item**

Updated rating of self-insured benefits (Plan 1, pharmacy)

Documents Provided to Committee prior to meeting: None

Public Comments:

❑ **11262002-04** **Discussion Item**

Preliminary report on 10-County Survey results (Jeffrey Hildebrant)

Documents Provided to Committee prior to meeting: None

Public Comment:

❑ 11262002-05	Discussion Item	**Opportunity To place items on future agendas.** Public Comments:
❑ 11262002-06	Discussion Item	**Opportunity for the public to comment on any matters within the committee's jurisdiction.** Public Comments:

Adjourn

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Health Service System
1145 Market Street
San Francisco, CA 94103

Department of Human Resources

November 26, 2002

Tuesday, November 26, 2002
10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Health Service Board
Rates & Benefits Committee
Minutes

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q
Call to Order

q
Roll Call

Commissioner Deignan, Chair
Commissioner Breslin
Commissioner Heldfond
Commissioner Van Runkle
Commissioner Welch, MD, MPH (Arrived during Item #2 discussion)
President Zvanski (ex officio) (Arrived during Item #2 discussion)

q
11262002-01
Action Item
Approval (with possible modifications) of the minutes of the following meeting:
· Meeting of November 12, 2002
Documents Provided to Committee prior to meeting: Draft version of the minutes.
Staff Recommendation: Approve draft minutes
Public Comments: None
Action: Motion moved and seconded to approve minutes of November 12, 2002 with recommended amendments. Motion passed 4 to 0.

q
11262002-02
Discussion Item
Continuation of vendor presentations on design, pricing and administration (City Health Plan Vendors: Express Scripts, Beech Street and UBH); HMO's; Dental Vendors)
Lael Bryne of Express Scripts
§ Presented to the Committee a one-page spreadsheet regarding the 1-2-3 year rate renewal proposal for Express Scripts' prescription drug plan for the City Health Plan, effective July 1, 2003. This document is attached as Schedule #1. The outline included details regarding:
- Two-tier plan design.
- Retail and mail order pharmacy plan for contract period and current rates regarding the Average Wholesale Price (AWP) and Maximum Allowable Cost (MAC) for generics and brand name drugs, dispensing fee, administrative fee per prescription, and paper

claim fee.
- Rebates for a two-tier plan (1, 2, or 3-year contract renewal).
§ Claritin will be sold over the counter starting the end of November 2002. Coverage options will be presented to the committee at the next Rates and Benefits meeting.
Linda Patron of Blue Shield of California
§ Negotiations regarding Blue Shield's renewal proposal are currently ongoing with Towers Perrin. Update regarding the renewal proposal, projected costs based upon trends and drug utilization and options for the orthodontics and mouth guard benefits for 2003 will be presented at the next committee meeting.
§ The 3 HMO plan attorneys have agreed to meet jointly with the Department of Managed Health Care (DMHC) during the next two weeks regarding the transgender benefit.
Joanne Haggerty of Health Net
§ Health Net and the other HMO attorneys will meet jointly with DMHC in two weeks and discuss the transgender benefits. Results of that meeting will be presented to the committee at the next meeting.
§ Negotiations with Towers Perrin regarding Health Net's renewal proposal is ongoing and another meeting is scheduled for next week.
§ The committee received a document regarding "orthotics." This report is attached as Schedule #2. Health Net's current and alternative coverage is described. The report also gives cost detail for the orthotics-alternative benefit.
Jane Fronk of Kaiser
§ Kaiser attorney will meet (jointly with HMOs) with DMHC to discuss the transgender benefit.
§ Follow-up meeting with Towers Perrin regarding renewal proposal is scheduled for next week.
§ Report regarding prosthetic and orthotic benefit was distributed to the committee and is attached as Schedule #3. Outlined in this report is information regarding the current, exclusions, and optional additional coverage in the prosthetic and orthotic benefit. Special footwear for foot disfigurement due to disease, injury, or developmental disability is $0.03 (special Rider; Kaiser is not required to provide).
Committee Comments
§ Roland Mittica of Towers Perrin stated that there isn't any set standard for the orthotic benefit because it is often abused and misused in (i.e. running) sport related injuries. As a result, some employers will not cover. Mr. Mittica expressed concern and questioned the huge difference in the cost of the optional additional prosthetic & orthotic benefit (P & O) between Health Net - $0.31 and Kaiser -$0.03.
§ Joanne Haggerty, of Health Net, stated that the $0.31 cost for the optional additional P & O benefit is based upon medical necessity. Decision for coverage is dependent upon the physician and prior authorization. Very few clients offer this benefit.
§ Jane Fronk, of Kaiser, stated that the differences in the cost of the P & O benefit are based upon the shoe insert. These inserts may be prescribed for uses other than problems with the foot. Coverage is subject to medical review.
§ Mr. Mittica stated that the City Health Plan may be more flexible in the design and cost of the P & O benefit because:
1) Administrative services only contract and is not regulated by the Dept. of Insurance.
2) Does not have to file with the DMHC or get approval from Dept. of Insurance.
§ Dr. Welch asked each HMO if there is a maximum cost in the prosthetic and orthotics benefit:
- Joanne Haggerty, of Health Net, stated that differences in cost would depend upon DME (inclusive) or if it is brought under Rider (no maximum).
- Jane Fronk, of Kaiser, stated that P & O are filed as separate benefits, based upon medical necessity and is provided as standard meeting the medical need. Coverage will not include items that are considered a luxury enhancement.
- Linda Patron, of Blue Shield, stated that currently there is no maximum for the orthotic benefit. Blue Shield director is studying the Medicare benefit and how to

offer this benefit as a medical necessity and how to determine orthotic from a functional versus accommodative standpoint of view. More information will be available by the next meeting.
- Per the request of the Committee, Roland Mittica agreed to provide information regarding the Medicare benefit for orthotics at the next meeting.
Jim Fleming, Pacific Union Dental
§ Presented renewal proposal to Towers Perrin for July 2003-04. Renewal contains a 6% rate increase that is guaranteed for 24 months (starting 4/1/03) for both the active and retiree plans.
Public Comments:
§ Diane Hermann, retiree, expressed concern and the need for the committee to research the reduced topical dental benefits that were presented by Express Scripts last week.
q
11262002-03
Discussion Item
Updated rating of self-insured benefits (Plan 1, pharmacy)
This item was combined with Item 4 and was reported after its completion.

q
11262002-04
Discussion Item
Preliminary report on 10-County Survey results (Jeffrey Hildebrant)
§ Riverside County information pending. Promised a complete report to Mr. Hildebrant by next week.
§ Based upon the completed reports from 9 counties, there is currently a 12% to 13% increase in the 10-County amount.
§ Los Angeles County terminated all of their non co-pay HMO (18) plans.
Updated rating of self-insured benefits (Plan 1, pharmacy), Mike Kramer of Towers Perrin
§ The committee received the following report: CCSF Monthly 2003-04 Member Contributions Based on Status Quo Renewals. This document is attached as Schedule #4. This report gives the rate component for 2002-03 for Plan 1, Blue Shield, Health Net and Kaiser for the single employee and the same report for 2003-04 with no plan changes. The rate component includes the following: Medical/MH/CD, pharmacy, transgender, vision, expense, trust subsidy, subtotal, 10-County amount, net contribution, and "Gap" dollars.
§ This report is based on the 9-County report (Riverside excluded).
§ Per the request of Commissioner Breslin, a detailed report with the breakdown of the rates for each of the HMOs will be presented.
§ Dr. Welch stated that for the information of the committee, the $2500 (for both ears) in the hearing aid benefit is more than enough coverage (even for digital).
§ Antoinette Candelaria, City Health Plan Supervisor, stated that only 2 infertility claims were processed this plan year and the cost did not go over $3000.00. Ms. Candelaria is working with Beech Street to identify the procedure codes for the GIFT and ZIFT benefit. Hopefully, this procedure will be available by January or February 2003.
§ Roland Mittica stated that out of 10 inquiries regarding the transgender benefit, only 3 utilized it (surgery) and filed claims.
§ Commissioner Zvanski requested to Towers Perrin the need to study the trust subsidy and give more details regarding what, where, when, and how in reference to the source of the trust funds accumulation and its utilization and impact.
Public Comment:
§ Jean Thomas, of Retirees Association, requested information regarding the availability of the KPMG report.
§ Yvonne Hudson stated that the Controllers' Office has not released the report or the Management Letter. The HSS financial statements and representation letter is complete and has been turned in. Since this is a citywide process, the Controller will

release the report when everything is complete. Ms. Hudson stated that she is waiting on a response from a call to the Controllers' Office in regards to having the KPMG report available for the December 12, 2002 Health Service Board meeting.
q
11262002-05
Discussion Item
Opportunity To place items on future agendas.
Public Comments: None
q
11262002-06
Discussion Item
Opportunity for the public to comment on any matters within the committee's jurisdiction.
Public Comments: None
§ Linda Patron of Blue Shield stated that dental prescriptions would be eliminated in 2003. Only prescriptions that are medically necessary and have gone through the prior authorization process will be covered. In cases involving questionable prescription coverage, an appeal is accepted and inquires are made to the member's physician and Blue Shield's pharmacist and medical director will make final decisions. Members may appeal to an outside arbitrator.

Adjourn 11:15 AM

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

NOTICE AND AGENDA

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Monday, December 9, 2002
10:00 AM
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑ **Call to Order**		
❑ **Roll Call**	Commissioner Deignan, Chair Commissioner Breslin Commissioner Heldfond Commissioner Van Runkle Commissioner Welch, MD, MPH President Zvanski *(ex officio)*	
❑ **12092002-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • **Meeting of November 26, 2002** *Documents provided to Committee prior to meeting: Draft version of the minutes.* Staff Recommendation: Approve draft minutes Public Comments: Action:
❑ **12092002-02**	**Discussion Item**	**Insured Plan renewals and pricing of plan design options:** - **Blue Shield** - **Health Net** - **Kaiser** - **Delta Dental** - **Pacific Union Dental** - **PMI Dental Health Plan** - **Vision Service Plan** *Documents provided to Committee prior to meeting:* None Public Comments:
❑ **12092002-03**	**Discussion Item**	**Administrative fee renewals – (Beech Street, Express Scripts, UBH)** *Documents provided to Committee prior to meeting*: None Public Comments:
❑ **12092002-04**	**Discussion Item**	**Transgender Update** *Documents provided to Committee prior to meeting:* None

		Public Comments:
❑ 12092002-05	Discussion Item	**Opportunity To place items on future agendas.** Public Comments:
❑ 12092002-06	Discussion Item	**Opportunity for the public to comment on any matters within the committee's jurisdiction.** Public Comments:

Adjourn

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Health Service Board
Rates and Benefits Committee

MINUTES
Monday, December 9, 2002
10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

- Call to Order
- Roll Call

Commissioner Deignan, Chair
Commissioner Breslin

Commissioner Heldfond, Excused
Commissioner Van Runkle

Commissioner Welch, MD, MPH

President Zvanski *(ex officio)* (Arrived during Item #2)

- 12092002-01 Action Item

Approval (with possible modifications) of the minutes of the following meeting:

· Meeting of November 26, 2002

Documents provided to Committee prior to meeting: Draft version of the minutes.

Staff Recommendation: Approve draft minutes

Public Comments: None

Action: Moved and seconded by the Committee to approve draft minutes for November 26, 2002. Motion passed 4 to 0.

- 12092002-02 Discussion Item

Insured Plan renewals and pricing of plan design options:

Towers Perrin, Mike Kramer

- The committee received the Renewals Update for July 1, 2003. This document is

attached as Schedule #1. The renewal overview for 2003-2004 for the following subjects are outlined in this report:

HMO Rate Renewals (excluding transgender benefits)

Health Net

- Active and Non-Medicare Retiree rates increased by 22.7%

- Medicare Retiree rates increased by 11.20%

Kaiser

- Active rates increased by 16.4%

- Non-Medicare Retiree rates increased to 17.4%

- Medicare Retiree rates to increase by 44.0%

Committee Inquiry -Kaiser's 44.0% Rate Increase

- Mr. Kramer stated that the reason why the Medicare retiree rates are so high is because Kaiser contract is under a Medicare Risk (Medicare Plus Choice). Members must sign over to Kaiser their right to receive Medicare treatment and in return Kaiser will provide all care. Reimbursement rates are regulated and paid by the federal government through the Health Care Financing Administration (HCFA). HCFA is now known as the Centers for Medicare and Medicaid Services (CMS).

Jane Fronk , Kaiser

- In addition to statements made by Mr. Kramer regarding reasons for the 44.0% increase of Medicare for retirees, in order for Kaiser to stay in business, the level of benefits have to be reduced to meet the level of reimbursements. The difference between those costs and what the City is paying is called the "buy up in benefits" (i.e. add ons-$5 office visits, prescription copay etc.). As a result, the premium that the City pays buys additional benefits that Kaiser cannot provide just through reimbursement and through the street premium requested by Kaiser.

- Rates for Medicare Plus Choice plan are based on the total community (population) and

are not adjusted by experience.

- Commissioner Welch requested the following information from Kaiser:

  1) The change in the premium in comparison with the "street."

  2) The difference between the City benefit and "street" benefit rates.

  3) Projection of subsequent rates that Kaiser may have in the future.

Shoe Inserts- Kaiser

- Jane Fronk advised the Committee to add the $0.03 cost for the prosthetic and orthotic benefit. This benefit covers special footwear for foot disfigurement due to disease, injury, or developmental disability. The extra $0.03 pays for injuries and deformities that are not covered in special footwear. Ms. Fronk said that she believed that it was an over-sight by Kaiser in the past that special footwear benefit is written the way it is and that she was not aware of it prior to Commissioner Breslin's request for information.

- Additional benefit of generalized shoe inserts does not exist today (Kaiser) and will not be available for the 2003-2004 year. In order for Kaiser to offer this benefit, it must be developed and filed with the Department of Managed Health Care (DMHC) and the approval process takes approximately 6-7 months.

Committee Comments

- In response to Dr. Welch's inquiry regarding the City and other employers challenging the special footwear benefit, Ms. Fronk stated that it rarely comes up. Most employers, like CalPERS, provide special footwear in their benefit. Additionally, the problem is that the special footwear benefit is not a part of Kaiser's basic medical benefit and will not be added across the board. Ms. Fronk suggested that she would recommend taking back (remove) the $0.03 charge for the special footwear benefit.

- Mike Kramer clarified coverage for treatment of injuries under the special footwear benefit.

Infertility

- Request to defer until more information is available. Ms. Fronk stated that there isn't enough data regarding infertility utilization to make a report.

Hearing Aid

- Request to defer until more information is available. There isn't enough data to make a report because this benefit is handled outside of Kaiser and the vendors do not give a break down of the cost reports.

Blue Shield

- Active and Non-Medicare Retiree rates to increase by 13.6%.

- Medicare Retiree rates to increase by 19.5%.

Status Quo Renewal

- Health Net

- Kaiser

- Blue Shield

HMO Benefit Design Changes

Office Visit Copayment

- Advantages and the disadvantage listed for the proposal to increase office visit copay from $5 to $10.

- Estimated effect on 2003-04 member contributions of increasing office visit copay for each HMO.

Pharmacy Copayments

- Proposal to increase all copays by $5.00

- Each HMO's proposed copay is listed

- Advantages and disadvantage

- Estimated effect on 2003-04 member contributions of changes in pharmacy copayments for all 3 HMOs.

Committee Comments

- Per request of Commissioner Breslin, Mr. Kramer agreed to provide the committee with copay pricing (generic, formulary, non-formulary brand, and mail order double/same) for Health Net, Blue Shield, and Kaiser for $5, and $15, and $20.

Administrative Fee Renewals (2003-04 Overview)

Beech Street

- Increased by 9.2%

Committee Comments

- Dr. Welch questioned the rate increase of 9.2% by Beech Street. (Beech Street representative not available).

Express Scripts

- Reduced to $0.80%. Reduction based on a 3-year guarantee through June 30, 2006.

United Behavior Health

- Remain at $3.31, unchanged from 2002-03.

Vision Rate Renewal

VSP

- Rates guaranteed through June 30, 2004.

Insured Dental Plans

Delta Dental

- Retiree rates guaranteed through June 30, 2004.

PMI

- Active and retiree rates guaranteed through June 30, 2004.

Pacific Union Dental

- Active and retiree rates to increase by 6.0%. Both are guarantee through June 30, 2005.

Self-Insured Dental Plans

Delta Dental

- Active employee rates to increase by 4.6%.

Committee Comments

- Mr. Kramer stated that dental benefits are offered through collective bargaining.

- Rebecca Saroyan stated that a charter change required that in lieu of a wage increase, the City promised to provide active employees with a dental benefit.

- Mr. Kramer promised the committee to get more information regarding the dental benefit increase.

- Mr. Kramer confirmed to the committee that the 6% increase of the dental plan (2-year rate) is standard and is "high end," and is happening across the board.

- Contributions listed for the 10-County survey is still preliminary ($277.06 is the estimate for next year's value) because Riverside has not turned in a report. Yvonne Hudson stated that Riverside has not responded to requests for rates and that they are still involved with their open enrollment. However, efforts will continue to get a report from them.

Medicare of Footwear, Roland Mittica

- The committee received the *Summary of Medicare Coverage for Footwear*. This is attached as Schedule #2. This report outlines coverage for diabetic footwear and orthopedic shoes. Medicare provides this coverage for individuals with severe diabetes only.

- Internal Revenue Code, Section 213 on the income tax form defines covered (deductible) medical expenses. Section 502 defines your income tax and gives more details on medical coverage and what is deductible. The difference between Section 213 and medical plans is:

  - Medical plans are limited and do not cover everything.

  - Medical plans have exclusions that may be expenses that can be a deductible under Section 213.

Committee Comments

- Dr. Welch stated that it is important that medical coverage makes "clinical sense" and she is ready to challenge the physicians that made the decision regarding medical coverage for special footwear.

  The exclusion of injury and deformities do not make clinical sense and is not in the public's best interest.

- Dr. Welch requested to hear how Blue Shield and Health Net are addressing the Medicare rate increases.

  Health Net

  - Joanne Haggerty, Heath Net, stated that the City has Medicare Coordination of Benefits (COB) and there is 11.2% rate increase and that this is a manual rate with 3- month utilization. A report of this data will be presented to the committee at the next meeting (per request of the committee).

  - Health Net has filed to do a Medicare supplement for groups, which allows a member to go anywhere and have Medicare as primary provider and Health Net as secondary provider. Flexibility of the doctors taking Medicare patients will help off set medical cost.

  - Increase rates for the actives (44,000) and the retirees are because of utilization. Assumptions are currently being developed per the City's plan year (July) with Health Net's executive committee.

  - Ms. Haggerty stated that she does not have credible information regarding the hearing aid and the infertility benefits. Half of the benefits are paid by the provider and the other half is paid by Health Net and currently the monthly reporting of each benefit is not credible.

  Blue Shield

  - Linda Patron stated that at this time, no member of the City and County of San Francisco has applied for hearing aid benefit.

- There is a possibility that two members are utilizing the infertility benefit. Promised to give the committee an update, as more information becomes available.

- Blue Shield offers the HMO to the actives and retirees. They do not have to sign over their Medicare to Blue Shield.

- Total cost for prescription drugs are paid by Blue Shield.

- In regards to the orthotic benefit, Blue Shield currently covers shoe inserts for medically necessary diagnosis (i.e. improvement through strapping). To the current date, the City and County of San Francisco have never used this benefit.

Blue Shield Renewal for July 2003-2004

- The committee received Blue Shield's CCSF Health Service System Access + HMO Plan Renewal for July 2003-2004. This is attached as Schedule #3.

- Renewal based upon claims experience and 2003 trend factors.

- Increases are 13.58% for active and early retirees and 19.50% for retirees.

Committee Comments

- Dr. Welch requested a report with details of data used by Blue Shield to determine increase rates for the active and retirees.

Rhett Davis, Delta Dental

- Delta Dental currently does not offer mouth guard coverage for procedure Code 9940, night guards used to treat TMJ (teeth grinding) and mouth guard procedure Code 9941 (mouth guard used by athletes to protect their teeth). Mr. Davis stated that Towers Perrin was given the cost impact to the plan if the night guard benefit is added.

Christina Grimes, Pacific Union Dental

- Will present documentation regarding the 6% proposed rate increase at the next meeting.

- The two-year rate guarantee expires June 30, 2003. Towers Perrin will review Pacific Union Dental's renewal.

Committee Comments

- Committee agreed that more documentation is needed from the vendors and HMOs in their renewal reports regarding rate increases and how they are determined.

- Dr. Welch stated that data that the committee needs is benchmark (i.e. street rate), what is medical and pharmacy for the active population, and the range of utilization for each category. More information that is needed just for study will be given to Towers Perrin.

- Rebecca Saroyan stated that she has attended all of the renewal meetings with Towers Perrin and the HMOs and vendors response to requests for data and rate adjustments etc. was very accommodating. Ms. Saroyan said that she has confidence in the negotiation process procedure.

Public Comments: Julian Low, of the Mayor's Office asked that the committee look at any proposal that would decrease the cost for actives, retirees, and the City & County of San Francisco. As result of the City's financial situation, wage increases will be limited or non-existent and an increase in the health benefits would mean another decrease in employee take home pay.

- 12092002-03 Discussion Item Administrative fee renewals - (Beech Street, Express Scripts, UBH)

Deferred to next meeting.

Public Comments: None

- 12092002-04 Discussion Item Transgender Update

- Joanne Haggerty of Health Net stated that Health Net, Blue Shield, and Kaiser will meet with Warren Barnes, Counselor for the Department of Managed Health Care (DMHC) next Tuesday. The committee will receive an updated report at the next meeting.

Public Comments: None

- 12092002-05 Discussion Item Opportunity To place items on future agendas.

Public Comments: None

• 12092002-06	Discussion Item	Opportunity for the public to comment on any matters within the committee's jurisdiction. Public Comments: Nancy Gin, retiree, expressed concern to why retirees have to take Medicare B and pay more. 10- Minute Break • Chair Deignan and the committee agreed to take a 10- minute break while waiting for the arrival of representative of Beech Street from Los Angeles. After break, the Beech Street presentation was deferred to next meeting. • Meeting adjourned at 12:15 PM

Adjourn 12:15 PM

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HEALTH SERVICE BOARD
RATES AND BENEFITS COMMITTEE

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Tuesday, December 17, 2002
10:00 AM
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

❑ **Call to Order**		
❑ **Roll Call**	Commissioner Deignan, Chair Commissioner Breslin Commissioner Heldfond Commissioner Van Runkle Commissioner Welch, MD, MPH President Zvanski *(ex officio)*	
❑ **12172002-01**	**Action Item**	**Approval (with possible modifications) of the minutes of the following meeting:** • **Meeting of December 9, 2002** *Documents provided to Committee prior to meeting: Draft version of the minutes.* Staff Recommendation: Approve draft minutes Public Comments: Action:
❑ **12172002-02**	**Discussion Item**	**HMO Rating Scenarios** ▪ **Blue Shield** ▪ **Health Net** ▪ **Kaiser** *Documents provided to Committee prior to meeting:* None Public Comments:
❑ **12172002-03**	**Discussion Item**	**Administrative Fee Renewals – (Beech Street)** *Documents provided to Committee prior to meeting:* None Public Comments:
❑ **12172002-04**	**Discussion Item**	**Initial Plan 1 Rating Scenarios** *Documents provided to Committee prior to meeting*: None Public Comments:
❑ **12172002-05**		**Dental Plan Ratings (Pacific Union, Delta Dental Self-Insured)** *Documents provided to Committee prior to meeting:* None Public Comments:

❑ 12172002-06	Discussion Item	**Transgender Update** *Documents provided to Committee prior to meeting:* None Public Comments:
❑ 12172002-07	Discussion Item	**Update – 10 County Survey Results (Jeff Hildebrant)** *Documents provided to Committee prior to meeting:* None Public Comments:
❑ 12172002-08	Discussion Item	**Opportunity To place items on future agendas.** Public Comments:
❑ 12172002-09	Discussion Item	**Opportunity for the public to comment on any matters within the committee's jurisdiction.** Public Comments:

Adjourn

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Health Service Board
Rates and Benefits Committee

DRAFT MINUTES
Tuesday, December 17, 2002
10:00 AM

City Hall, Room 416
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

- Call to Order: 10:10 AM
- Roll Call Commissioner Deignan, Chair
  Commissioner Breslin

  Commissioner Heldfond
  Commissioner Van Runkle

  Commissioner Welch, MD, MPH (Arrived during Item #2)

  President Zvanski *(ex officio)*
- 12172002-01 Action Item Approval (with possible modifications) of the minutes of the following meeting:

  · Meeting of December 9, 2002

  Documents provided to Committee prior to meeting: Draft version of the minutes.

  Staff Recommendation: Approve draft minutes

  Public Comments: None

  Action: Moved and seconded by the Committee to approve draft minutes for December 9, 2002. Motion passed 5 to 0.
- 12172002-02 Discussion Item HMO Rating Scenarios

  Towers Perrin, Mike Kramer

  - The Committee received the CCSF July 1, 2003 Renewals Update, dated December 17, 2002 and is attached as Schedule #1. This is

Towers Perrin's check list and status report for the following agenda items:

2003-2004 HMO Renewal Overview (excluding transgender benefits)

- New (revised) renewal from Health Net (appreciation given to Joanne Haggerty for her efforts to promote the changes with Health Net management).

- Kaiser renewal remains the same.

- Blue Shield rates remains the same.

Status Quo Renewal (HMO)

HMO Benefit Design Changes-

- Pharmacy Copayments

- Orthotics

- Offer Rural Heath Net EPO

Plan 1 Rating

Administrative Fee Renewals

Status Quo Renewal for Plan 1

Plan 1 Design Changes

Vision Rate Renewal

Insured Dental Plans

Self-Insured Dental Plans

HMO Rating Scenario Presentations

Blue Shield, Linda Patron

- The Committee received the *CCSF Health Service System Access+ HMO Plan Renewal for July 2003-July 2004, Pharmacy Copay Options*. This report is attached as Schedule #2 and includes benefit option decreasing amounts for actives & early retirees, and benefit option decreasing amounts for retirees over 65 years of age.

- Mike Kramer clarified to the Committee that

the decreasing amounts (actives & retirees) given in Blue Shield's report (shows the impact of premium rates) and the amounts in Towers Perrin report (demonstrates the impact on members' contributions).

- The Committee received Blue Shield of California's City & County of San Francisco Rating Methodology. This is attached as Schedule #3. The product of calculations given in this report produces the required premium for the prospective period.

- Ms. Patron stated that Blue Shield's healthcare trend cost change was 14.8% for prescription and 16.8% for medical.

Health Net, Joanne Haggerty

- Presented to the Committee the *CCSF Rates & Benefits, December 17, 2002, Renewal Effective July 1, 2003*. This report is attached as Schedule #4.

- Health Net met with Towers Perrin and Rebecca Saroyan (City Attorney). After discussions regarding various issues, Health Net made an adjustment to trend that included forgiving a $1.5 million dollar claim. HMO active rate increase is down to 17.62% (reduced because of the partnership with CCSF through the years). Ms. Haggerty stated that this is a one-time business decision and those Health Net requests that rate ratio for all carriers be on a level playing field across the board during the renewal process next year.

- J and K Rates listed for actives under pharmacy (page 2) refer to single parent with 1 child (J) or a single parent with a family (K).

Kaiser Permanente, Jane Fronk

- The Committee received the (revised) CCSF 2003 Medicare + Choice Individual Plan information. This is attached as Schedule #5.

- Kaiser's community rate increase for July 2003 is 19.6%. The City's community rate came in at an increase of 16.4%. Ms. Fronk stated that factors that contributed to the City's lower utilization were:

  - Lower medical expenses

  - Lower hospitalization

- Stabilization of infertility drug costs

• Rhett Davis of Delta Dental stated that the Senior Advantage Plan is offered through HMO/PMI Delta Dental Care and there is no cap to dental care benefits to enrollees. Enrollees must select a dentist that is a HMO with Delta Dental Care. There are set procedures listed under the copay that are covered. All other procedures that are not listed are paid out of pocket.

• Chair Deignan requested HMO/PMI Delta Dental Care list of coverages and non-coverages and capitations for the Committee to review. Commissioner Breslin requested more information regarding utilization.

• Jane Fronk stated that Kaiser's hearing aid benefit is $2500 per ear.

• Ms. Fronk recommended that the Committee should consider the $0.03 add on to the orthotics benefits that would be used to treat special footwear disability.

• 12172002-03 Discussion Item Administrative Fee Renewals

Beech Street, Amy Norland

• Mike Kramer stated that per page 11 of the Towers Perrin report (Schedule #1) Beech Streets' administrative fees for per employee per month (PEPM) and fees for services (per hour) for Plan 1 (page 12) will be increased from $4.45 to $4.80, an increase of 7.9%.

• Amy Norland of Beech Street presented highlights of the Beech Street Corporation Disease Management Program. This report, dated December 9, 2002, is attached as Schedule #6. Ms. Norland apologized to the Committee for the travel delays that caused her to arrive late & subsequently miss the last Rates & Benefits meeting. Highlights of this report include the following topics:

- Disease management

- Disease management process

- Maternity options management

- Products & Pricing (Disease Management)

- Summary

Committee Comments

- Ms. Norland stated that the reason for the 9.2% rate increase for the administrative fee renewal (Page 11 of the Towers Perrin report) for the per employee per month (PEPM) represents the cost of doing business increase (i.e. travel and contract management).

- Chair Deignan reminded the Committee and informed the public that the cost data has been reviewed and negotiated with Towers Perrin prior to presentation and the Committee should feel free to call the actuaries (Towers Perrin) and ask questions for clarification and guidance.

- Dr. Welch and the Committee questioned the need for Beech Street's disease management program.

- Commissioner Aleeta Van Runkle recommended that it would be more realistic if the Committee focused on a 1- year rate guarantee with Express Scripts instead of a 3-year guarantee.

Public Comments: None

- 12172002-04 Discussion Item

Initial Plan 1 Rating Scenarios, Mike Kramer

- Plan 1 renewal overview for 2003-2004 is presented in pages 10-19 of the Towers Perrin Renewal report (Schedule #1). Plan 1 benefit design changes package includes:

- Plan 1 rating (based on claims through November)

- Trust fund expense

- Administrative Fee Renewals

- Plan 1 Status Quo Renewal

- Trust Fund Subsidy

- Annual Deductible Amount

- Out-of-Pocket Limit

- Pharmacy Copayments

- Orthotics

- Matching Plumbers Local 38 Plan Design

Public Comments: None

- 12172002-05 Discussion Item

Dental Plan Ratings

Pacific Union Dental, Christine Survano,

- The Committee received a letter written to Michael Kramer of Towers Perrin, dated November 11, 2002, regarding Group #94227, 881 & 94685 (CCSF contract renewal with Pacific Union Dental Plan. This memo is attached as Schedule #7. Effective date for this contract is July 1, 2003.

- Ms. Surbello explained to the Committee the reasons for Pacific Union's 6% rate increase (guaranteed through June 30, 2005). Confidential information regarding utilization data was distributed only to the Committee.

- Actives are operating at a loss ratio of 7.46% and the retirees are running at a loss of 35.48%; collectively the loss ratio is 12%. The 4% increase is to cover proposed dental trend increase and an additional 2% premium increase according to predicted claims utilization. Pacific Union has absorbed a 16% increase in claims for the actives and retirees from 1999 to 2003.

Delta Dental Self-Insured -Towers Perrin's Renewal Report (Schedule #1, Pages 22-23)

- Mike Kramer presented information regarding the following dental renewal for 2003-2004:

  - Delta Dental active employee rates to increase by 4.1%

  - Reconciliation of dental rate action with 2001-02 experience

  - Use of dental gains to offset City contributions.

Delta Dental, Rhett Davis

- The Committee received Delta Premier-Plan Alternatives, attached as Schedule #8. Additional night guards benefit would offer the active employee $175 lifetime maximum.

- Orthodontia benefit is offered to retirees with a maximum lifetime benefit of $1000, paid at 50% of UCR.

- Underwriters for Delta Dental hesitate to quote a price for orthodontia for retirees because:

  1) Enrollment in the retiree population is mostly single

  2) Plan is voluntary and it is possible for the retirees to drop out. This would cause adverse selection (employee stays long enough to get the othodontia benefit then drops out the next year).

  3) Retirees do have the Delta Care Program (PMI) as an option that provides orthodontia coverage for both adults and children with a set copayment amount.

- The Committee also received Dental Rating Premier Active Employees Only and the illustration of per capita increases for active employees. This report is attached as Schedule #9.

Committee Comments

- Dr. Welch stated that the cost of the lifetime maximum for the orthodontia seemed phantom because of the cost of orthodontia.

Public Comments:

- Julian Low of the Mayor's Budget Office stated that a proposal to reduce the state budget by $10 million was received from the Governor's Office in Sacramento last week. Additional cuts are expected in January 2003.

- The $10 million dollar cut will have an impact of approximately $75 million on City services for the next 18 months. This is in addition to the current $170 million deficit facing the City for next year.

- Mr. Low stated that the Mayor's Budget Office is looking for ways to meet the deficit and ways to minimize the impact on direct services to the public, employer, and the employee in regards to the Health Service System rates. He requested the Committee's assistance to help with this issue. Mr. Low also stated that he would like to present proposals for discussion and review to the Committee at the next Rates and Benefits next meeting.

- Chair Deignan stated that he would welcome

suggestions that would be an improvement and that the Deputy Director of Health Service System, Yvonne Hudson, should be consulted if he wish to be placed on the agenda for the next meeting.

- Chair Deignan stated that the Committee has an obligation to the trust fund and to the members to supply the best possible benefits. The increase cost of health care (i.e. HMOs) would make maintaining Plan 1 rates at a certain level very unrealistic. Mr. Low was referred to Towers Perrin for additional financial information.

- Dr. Welch stated that the Health Service Board is in need of a representative from the Board of Supervisors (BOS). The BOS seat on the Board has been vacant for approximately 1 year. Representation from BOS would help the Board when the rates proposal will go to them for approval in February.

- Mr. Low stated that filling the vacant seat on the Health Service Board is on the agenda.

- Commissioner Zvanski stated that the Health Service System does not have sufficient staff or equipment to deliver sufficient services to all of the actives and retirees, positions (not cut) were not funded this year, and system access is limited to a few hours a day. However, rates offered by Plan 1 are lower than most health plans and our rates are better than PERS. She recommended better administrative and staff support from the Mayor's Office. Mr. Low said that he would take this information and hopefully look for mutual balance.

- 12172002-06 Discussion Item Transgender Update

- Jane Fronk of Kaiser and Linda Patron of Blue Shield stated that the attorneys of all of the plans had a conference call with DMHC and that a filing will be submitted to the DMHC by January 6, 2003. DMHC is opposed to caps on the transgender benefit.

- Joanne Haggerty of Health Net stated that DMHC will cause a delay because they are opposed to a cap.

- Dr. Welch recommended a pro and con list of having a cap on the transgender benefit developed by Towers Perrin.

- Chair Deignan recommended deferring this

		issue and reschedule it to the next HSB board meeting. Public Comments: None
• 12172002-07	Discussion Item	Update-10 County Survey Results, Jeffrey Hildebrant • Mike Kramer stated that $281.21 is the final amount on the Riverside contribution. • Yvonne Hudson stated that the certification for this amount will be presented at the January HSB meeting. Public Comments: None
• 12172002-08	Discussion Item	Opportunity To place items on future agendas. • Dr. Welch will not be able to attend the February 10, 2003 meeting and requested that the meeting be rescheduled. Dates available prior to February 10th will be emailed as soon as possible. Public Comments: None
• 12172002-09	Discussion Item	Opportunity for the public to comment on any matters within the committee's jurisdiction. Public Comments: None

Adjourn 1:26 PM

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